The Late Great United States
The Decline and Fall of the United States of America

Joseph George Caldwell

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Part One of Two Parts: Main Text and References
(Part Two is Appendices.)

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> Max: You know, one thing I can't figure out is whether these girls are real smart or just real, real lucky.
> Hal: You know, Max, brains will only get you so far, and luck always runs out.
> -- Thelma and Louise (A Ridley Scott film, 1991, MGM United Artists)

The United States Is Already Dead, and Just Doesn't Know It

In the 1990s, I wrote the book, *Can America Survive?,* in which I analyzed the current situation of the United States and the world. I started writing the book in 1994, revised it a couple of times, completed it in late 1998 and posted it on the Foundation website in 1999. My brief answer to the question posed in the title was, "No, – not in its current form for very long, and perhaps not in any form at all for very long."

In the years since I wrote this book, nothing has changed to modify my prognosis. The problems that I described and analyzed have not been resolved, and not even addressed. They have, in fact, gotten much worse.

It is my opinion that the United States, as a society, is in the final stages of disintegration. The country has allowed the invasion of 12-20 million illegal aliens. The financial system is bankrupt, and the government is now in the process of "selling the furniture" (i.e., selling its infrastructure, corporations and land to foreign interests). The country's culture is fragmented. The government has alienated the citizens – it now serves the wealthy, not the middle class. The nation has lost its sovereignty to "globalization." All that lies between its current status and total collapse is the "tipping point" – the proverbial "last straw" that breaks the camel's back.

When I was a boy, we were taught that dinosaurs were so stupid that even though they were mortally wounded, they would thrash around for minutes before their small brains finally realized that they were dead, and they collapsed. I believe that this perception of dinosaurs is no longer held, but the analogy is an apt one to describe the present state of the United States. Its economic "engine" is so large and powerful that it has a large amount of "inertia" or "momentum," that carries it along even though its vital essence, its spirit, has died. It is like an airplane that is about to crash into a mountain. Everything seems fine at the moment, but disaster is imminent and there is absolutely nothing that can be done to avert it.

Am I predicting a date for the collapse of the United States? No. In my view, the real collapse has already occurred – there is nothing of significance to predict. As Ariel Durant once remarked, "A great civilization is not conquered from without until it has destroyed itself from within." The United States has destroyed what made it great. It has abandoned the concepts and principles on which the Founders established the Republic. It has lost its vitality, its life force, its direction, its purpose. The government has turned against the middle class, and, without the support of the people, the country is in the final stages of dissolution. It may continue operation for a while, but it is no longer a vibrant entity in control of its destiny. The car is running out of gas, and the joy ride is almost over.

Reasons Why the US Will Collapse Soon

There is not just a single symptom or sign of the United States' moribund condition. (By the way, in medical parlance a "symptom" is a subjective indicator, and difficult to measure quantitatively, such as a feeling of nausea or anxiety, or a headache; a "sign" is a measurable indicator, such as a temperature or blood pressure or red blood cell count.) There are many. In Appendix A are listed a large number of specific indicators that suggest why the US is in trouble and will soon collapse. The major sections of this book were determined simply by arranging that long list into groups, or categories, containing related indicators. The following is a list of these categories. In the remainder of the book, I will present a brief chapter discussing each category. The categories are listed in order of my assessment of their importance.

1. Destruction of the Biosphere. Global industrialization is destroying the planet's biosphere (global warming, deforestation, mass species extinction). All countries will soon perish. (Note on "global warming": I am not going to get into the argument concerning whether global warming is happening, or what causes it. With the imminent breakup of ice at the North Pole for the first time in human history, it seems pretty clear that something is happening (although some people point to volcanoes as the cause). It doesn't really matter very much whether global warming is happening or not, when large human numbers and global industrialization are causing the extinction of an estimated 30,000 species per year – *that* is a real threat to our existence, quite independent of global warming.)
2. The passage of Peak Oil. Global production of oil is peaking, and will start to decline. Our society is oil-based, we are running out of oil, and there is not a comparable substitute. All countries will fail as the petroleum age comes to an end and the era of global industrialization with it.
3. Overpopulation. The world and US populations are far higher than the current-solar-energy carrying capacity. When global oil production starts to decline, a global die-off will begin, concurrent with massive political upheavals.
4. Fractionated Culture. Because of mass immigration and little assimilation, the country's culture has become highly fractionated. It is held together only by extreme wealth, rather than by race, religion, language, culture and ethnicity. As soon as global oil production starts to decline, the wealth (glue) holding US society together will dissolve, and the society will disintegrate.
5. Decline in US Culture. To an increasing degree, US culture has become soft, undisciplined, greedy, selfish, egocentric, hedonistic and materialistic. Through mass immigration from third-world countries, many of which are corrupt and inimical to traditional US culture, US culture is being overwhelmed by those cultures and reflecting them more and more.
6. Loss of Spirituality and "Manifest Destiny." Many of the US middle class see no future, no hope.
7. Globalization. Globalization is destroying the hegemony of the US relative to other major world powers and the nation's sovereignty.
8. Low Security: With open borders and massive international free trade, the US is very vulnerable, both on the national and individual levels.
9. The Politics of Envy. Both within the US and outside of it. (The "politics of greed" is the motivation for people to use political power to accumulate wealth for themselves; the "politics of envy" is the motivation for poor people to destroy those who have wealth.)

10. Oppression. The US government has adopted systems, programs and policies that have made economic slaves of the US middle class. Debt is a major tool of the government in this system.
11. Decline in Freedom. Each year, Americans have reduced freedom. Increased crowding from mass immigration and the "War on Terror" are the two principal causal factors.
12. Alienation of the US People from the US Government. The US government is no longer for the people. The government is waging war on the middle class. Its policies to vastly increase the riches of the wealthy elite have the direct effect of reducing the quality of life and discretionary income of the middle class, and subjugating it. The US government has become the enemy of the people. It is doing to the middle class exactly the same thing that the developed nations, through the international lending agencies, are doing to the third-world countries – miring them so deep in debt (through compound interest and debt-based money) so that they can never escape, are under total control, and are paying all of their discretionary income as interest.
13. Quality of Life Is Declining for the US Middle Class. It is now necessary for both parents to work in the competitive (paid, formal) labor market to support a family, whereas one person could support a family 50 years ago. Children are in "industrial" day care. Most young people today cannot hope to own their own home. Long commutes; high housing costs; high energy costs; diminished access to natural land; high medical costs; epidemics of disease and obesity caused by the system, stress, and poisoned food. Lower expectations for children. The current system is designed to enrich the wealthy, not protect the middle class. The goal and function of the present US political and economic system of US government is to "privatize the costs and socialize the benefits," transferring much wealth from the middle class to the wealthy (e.g., via use of "eminent domain" and tax credits for the wealthy for major economic development projects; payment of interest on the national debt using income taxes, most of which come from the middle class; and "bailouts" of the wealthy when their financial schemes fail, also using income taxes).
14. Increasing Income Gap. Tremendously increasing income gap between top management and average workers, conspicuous consumption and flaunting of wealth. Increasing media attention to conspicuous consumption and flaunting of income. Instant billionaires. The ratio of the pay of top management has skyrocketed from about 40 to 1 a half-century ago to over 500 to 1 today. Heightened sense of economic class (wealthy versus poor). Increased dissatisfaction, politics of envy. Government policies and systems (income tax, the health care system and massive debt based on compound interest) transfer much wealth from the middle class to the wealthy.
15. Technical Reasons. (Factors involved in the collapse of complex societies, carrying capacity, economics.)
16. Political Incompetence. Just as King George III, US political leaders have failed to follow the dictums of Machiavelli, Sun Tsu, Liddell-Hart and others, and have lost the country.

This book is a summary. It is simply an annotated taxonomy of the items listed in Appendix A. It states my views and highlights my reasons for holding them, and presents a brief discussion of each reason why I believe that the US is finished. Most of the points that I make have been made many times before by others, in much greater detail than I present here. In a number of sections, when discussing very important concepts, I will include quotations from works of others, simply to show that I am not the only one making these points.

As part of the discussion, I cite references that provide additional detail. For convenience, the references are also categorized, but the categories used for the references are not at all the categories used to summarize the categories of reasons for my view, since people write books

on general topics and those topics are not the categories of reasons for my view. The reference categories are not mutually exclusive. For example, a book on the history of warfare might be placed in “war” or “history.” A book on religion and ecology could be placed in either “religion” or “environment.”

Within each category of reference, I have sorted the items (mainly books) in approximate order of my assessment of their importance relative to the category. Just because a reference is included does not necessarily mean that I recommend it or endorse it. A number of references are included to illustrate views that I consider wrong, or to illustrate examples of bad predictions or poor methodologies. (The references on predictions and prophecies are included simply for interest. None of the information contained in any of those works has any bearing on the views presented in this work – in fact, a review of almost any of the older ones will quickly reveal how wrong and useless most of them are. In general, I am loath to make predictions, and certainly any involving dates – this book is a discourse on the current state of the US, not a prediction of a specific year in which it falters or collapses. Everything in the physical universe eventually dies – in the long run, there is nothing to predict.)

All of the references cited are books or other documents in my personal library. For this reason, they should not be considered to be a bibliography – they are just a list of selected references and sources. I have acquired these books over the years, in a casual way. My views on the fall of the United States are my own, but they have certainly been tempered by what I have read.

One of the principal tools of intelligence analysis is “content analysis,” which is the scanning of documents, such as newspapers or periodicals, in the attempt to identify and understand significant situations or trends. In a sense, this book may be viewed as a “content analysis” of the books in my library, with respect to the status and direction of the US. If the list of references were a bibliography, it would include many “seminal” works, such as Malthus’ essay on population.

Except for a few examples of technical works, all of the references are non-technical, and many of them are “trade” publications (low-cost, popular editions of mass-produced works, such as paperbacks and soft-cover editions). Most of the sources are from the past two decades, since most of the works dealing with topics relevant to the subject of this book were written during this time period.

Almost all of the references cited are “hardcopy” documents (books and pamphlets). With the explosion of the Internet, there are many websites containing information relevant to the thesis of this book. There are two reasons why I refer mainly to hardcopy sources: (1) most of the world does not have access to the Internet; and (2) relatively few books relevant to this work are available from the Internet in their entirety.

The major sections of this book refer to major readily identifiable indicators – symptoms and signs – of the US’ moribund condition. These symptoms and signs are not root causes. In addition to discussing these indicators and the current problems facing America (and the world) attention is focused on the reasons underlying these problems (such as growth-based economics, debt-based money, interest, and globalization) and their causes and nature.

To a degree, each section has been written essentially independently of others. Since there is some overlap of the content of the sections, this means that there is occasional redundancy among the sections.

Destruction of the Biosphere

The main reason why the United States will collapse soon is that the entire system of large human numbers and global industrialization will soon collapse. In the wake of the global collapse, *all* of the world's individual nations will collapse. The current system of human society is completely unsustainable, the principal reason being that it is destroying the biosphere on which we depend for our existence. Global industrialization is generating massive amounts of waste that are not readily decomposed by geological or biological processes. It is causing the extinction of an estimated 30,000 species per year. It is causing severe pollution of the land, seas and atmosphere. The pollution of the atmosphere is believed by many to be causing global warming to occur, which is likely to accelerate the mass human-caused species extinction now underway.

Throughout the planet's existence there have been a number of mass extinctions. This is the first one that is human-caused. The first major book on this extinction is The Sixth Extinction, by Richard Leakey and Roger Lewin (1995). Mankind's destruction of the biosphere has been going on for quite some time (since the dawn of the industrial revolution), but began to increase exponentially with the advent of the industrial revolution and the tapping of fossil fuels. The "wake-up" book on mankind's destruction of the biosphere was Rachel Carson's Silent Spring (1962). The publication of her book opened the floodgates to publication of books on mankind's destruction of the planet, such as Gordon Rattray Taylor's The Doomsday Book (1970), Barry Commoner's Making Peace with the Planet (1975) and J. E. Lovelock's Gaia (1979). Other well-received books on this topic include Bill McKibben's The End of Nature (1989), Paul and Anne Ehrlich's Healing the Planet (1991), Gerard Piel's Only One World (1992), Garrett Hardin's Living within Limits (1993) and Al Gore's Earth in the Balance (1992). Recent books on the subject include and Lester Brown's Plan B 2.0 (2006) and Plan B 3.0 (2008). A good compilation of articles on carrying capacity is The Carrying Capacity Briefing Book (volumes I and II, 1996) by the Carrying Capacity Network. The Social Contract journal is a powerful voice on this subject.

The really interesting thing about the current destruction of the planet's biosphere is that absolutely nothing of any significance is being done to stop it. Countless books have been written on the subject for half a century, and the process is well recognized and understood. Mankind, however, appears powerless to do anything about it – and this is a lack of will, not of know-how.

The only noticeable actions in response to the planetary crisis are anguish, wringing of hands, and the writing of more books on the subject. Politicians routinely suggest measures that will reduce pollution or energy consumption by ten percent, while the human population increases by ten percent every few years, so that the net result is zero. They continually reiterate that if only economic growth continues, then all countries will experience a "demographic transition," the global population will level off and decline, and the planet's environmental problem will be solved. But this has never happened. It has not happened in fifty years of trying. Each year, global human population increases by about 70-80 million people. Each year, planetary deforestation continues and another estimated 30,000 species is made extinct. Continuing with their program will cause no decline in human numbers in the foreseeable future, and will result in the extinction of millions of species. During the past half-century under this program, human population has doubled and the levels of pollution have more than doubled. It is very clear that mankind will do nothing proactive to stop the problem, and that the process of global industrialization will continue to run its course until it collapses by itself.

The planet's leaders tell endless lies about their actions in response to the crisis. Recently, demonstrators climbed onto the roof of the Houses of Parliament in London to protest the construction of a third runway at Heathrow Airport. Jet airplanes are known to be a major contributor to global pollution and global warming from greenhouse gasses. Politicians claim to be doing something about this problem, but this is not true. They speak out of both sides of their mouths. They lie. If they were planning to reduce atmospheric pollution, they would be speaking of closing down a runway at Heathrow, not of building another one. Sheer hypocrisy! This one incident is typical of society's response to the current planetary crisis. The planet's political leaders have no intention of slowing global industrialization. They are all calling for increased economic activity and industrialization, not less. They are all calling for improved standards of living, which uses more energy and generates more pollution, not less. With the announced intention of Communist China and India to industrialize and raise the standards of living of their peoples, the destructive process of global industrialization will accelerate.

The major reason why the US will collapse soon is that the system of large human numbers and global industrialization is destroying the biosphere and cannot continue, this process has been on-going for decades, and nothing is being done about it. The situation is a classic example of Catton's "overshoot and collapse."

The Passage of Peak Oil

In 1956 the petrogeologist Dr. Marion King Hubbert published a paper in which he predicted that US oil production would peak in about 1969. His prediction was rejected by almost everyone until 1970, when his prediction was seen to be correct. Dr. Hubbert used his technical knowledge of geology and the statistical characteristics of the rate and size of oil deposit discoveries to make his prediction. If you plot a curve showing national oil production by year (a "time series"), the plot (smoothed to remove minor fluctuations) resembles a "bell-shaped" curve that is low in the early 20th century, rises to a maximum about 1969, and declines thereafter. This curve has come to be known as "Hubbert's Curve," and the point at which the oil production is a maximum is called "Hubbert's Peak."

Upon seeing the impressive success of Hubbert's methodology in predicting the decline of US oil production, others applied his methods to predict the peaking of *global* oil production. Their analysis indicates that global oil production will likely peak this decade. From approximately now on, if global industrialization continues, global oil production will start to decline, and most of the planet's commercially recoverable oil will be gone by 2050. The peaking of global oil production is referred to as "Peak Oil." (The average production life of an oil field is about thirty years. For a large area (many oil fields), the production curve is similar in shape to the discovery curve, lagging by about thirty years. Global discoveries peaked in about 1974, and global production is expected to peak about now.)

Many books have been written on the subject of Peak Oil. One of the best is Hubbert's Peak: The Impending World Oil Shortage, by Kenneth S. Deffeyes (2001). Others on the same topic include Paul Roberts' The End of Oil (2004) and Matthew R. Simmons' Twilight in the Desert (2005). A comprehensive history of oil is Daniel Yergin's The Prize (1991) (also a PBS television documentary). An excellent documentary about the passing of oil is A Crude Awakening: The Oil Crash (2006) produced and directed by Basil Gelpke and Ray McCormack (available on DVD; excerpts may be viewed on YouTube).

Some people have a difficult time understanding or accepting the concept of Hubbert's Curve. They point to the fact that new oil deposits are continually being found as evidence that this will continue forever. An example might make the concept easier to understand. Suppose that someone has a container filled with coins – quarters, dimes, nickels and pennies – and that he throws handfuls of the coins across a cornfield (maize field) and plows the field. The field represents the surface of the Earth, and the coins represent oil deposits – the coins of different values represent oil deposits of different sizes. Wherever a handful of coins was thrown there is a large "oil field." Elsewhere there is no oil at all. Now, each year that the field is plowed for a new crop, look for coins and pick them up. The first year, you will find quite a few. The next year, you will find less. Each year you will find fewer and fewer coins, because there are just a finite number of them and you are removing them – they are not being replaced (unless you subscribe to the Russian's abiogenic theory of oil creation). After a number of years, you would be able to estimate the relative proportions of quarters, dimes, nickels and pennies. You could draw a curve showing how many coins were found each year, and extrapolate it to estimate how many coins (of each size) will be found each year in the future. From this you could estimate the total number of coins in the field (of each size) and the total value remaining. To do this you do not need to know anything about the number or mix of coins that were distributed in the field. This is exactly how Hubbert's Curve is constructed.

Since the major source of energy for the industrial world is oil, and since the high levels of food production have been enabled by oil, the decline in global oil production will usher in an era of massive economic and social disintegration. Good books on this topic include Thom Hartmann's The Last Hours of Ancient Sunlight (1998) and Richard Heinberg's The Party's Over (2003) and Power Down (2004). An excellent website for source material on this topic is Jay Hanson's Die Off website at http://www.dieoff.com .

The reason why Peak Oil is expected to result in massive economic and social upheaval is that the major source of energy for the industrial world is oil, and it is not easily replaced. Oil can be used for many things, such as plastics, fertilizers and other chemicals, not just as a source of energy. Also, it is easily transported, i.e., can be stored on cars, trucks, ships and airplanes. The production of synthetic oil (e.g., from coal) requires much energy (e.g., from the coal). Moreover, this is but a stop-gap measure – all coal will be gone within a few hundred years (or much sooner, if much of the coal is converted to oil, since much energy is required to synthesize oil from coal). Electricity can be used for land transport, but only for a stable population (e.g., trolley cars, electric trains, subways). Solar energy (e.g., hydroelectric, biomass, wind, solar thermal, solar cell) can replace only a small fraction of the energy now obtained from oil, and it is not as high grade or as transportable. Believing that solar energy will be a replacement for oil is laughable. If it were, we would see plenty of solar-energy-powered factories producing more solar factories, and there would be no "energy crisis." (People are finally beginning to write about the folly of turning to biomass as a replacement for oil. See, for example, Walter Williams' column, "Ethanol's a scam, not a solution" (Creators Syndicate, 16 March 2008) and the cover feature of the 7 April 2008 issue of Time magazine, "The Clean Energy Scam," by Michael Grunwald, which discusses, among other things, the effect of using biomass on the destruction of forests in Brazil.) Uranium can provide energy for a long time, but only if used in fast-breeder reactors, which produce plutonium. The idea of having thousands of plutonium-producing "factories" around the globe in this era of terrorism is rather absurd. Nuclear energy produces radioactive waste that lasts for tens of thousands of years.

The world population has soared from one billion to 6.7 billion because of oil, and it will decline back to low levels as global oil production falls.

It is worth noting that not everyone subscribes to the inevitability of Hubbert's Peak. An implicit assumption in the application of Hubbert's methodology is that the oil deposits were created many eons ago (by biological processes), and are hence of essentially fixed size. An alternative theory is that oil is also geological in origin ("abiogenic petroleum origin"). The Russians subscribe to this theory, and they are finding much oil. It is also worth noting that the methodology for constructing Hubbert's Curve does not depend on an assumption about the origin of oil – it is based only on empirical statistics (on oil deposit sizes and discoveries), but it does assume that the amounts are essentially fixed.

Many people view the passing of Peak Oil as a disaster. It is in fact a chance for salvation – a chance to save what remains of the biosphere's species, before further damage occurs. It is oil that has fueled large human numbers and global industrialization, with the resultant environmental destruction and mass species extinction. The sooner the fossil-fuel-energy age is over, the sooner the mass species extinction may come to an end. Switching to other fossil fuels or carbon-based fuels (e.g., coal, gas, oil shale) as global oil production declines simply continues the biospheric destruction. Continuing to use fossil fuel in any form simply allows global industrialization to continue, causing the mass species extinction to continue for a longer time. There are two points here: (1) fossil fuels will exhaust soon, and there is no comparable energy replacement for them; and (2) because large human numbers and industrial activity are causing mass species extinction, finding an alternative energy source, even if it were possible, would simply continue the biospheric destruction and species extinction. Like a drug addict or alcoholic, we may *want* more energy, but we don't *need* it – and it would destroy us if we were to find it.

Economists have been saying for decades that if the price of oil gets high enough, then substitutes for oil will be found. The price has risen from $10 a barrel to over $100 a barrel in recent years, and no comparable replacement has been found. And no matter how high the price goes, it will never buy back the species that have been made extinct. Striving to keep human energy use at high levels is tantamount to striving to continue global warming and species loss.

Overpopulation

It is an historic certitude that human populations (and most others) expand to the limit of the food supply. It is also a fact that if the food supply collapses, the population also collapses. The major book on this subject is William R. Catton, Jr.'s Overshoot: The Ecological Basis of Revolutionary Change (1980). A more recent work on the subject is Jared Diamond's Collapse: How Societies Choose to Fail or Succeed (2005). See also Jay Hansen's Die Off website (http://www.dieoff.org). Population collapse may occur for a number of reasons, such as climate change, deforestation, soil fertility changes, overfishing, overhunting and pests. The large size of today's human population has been enabled by oil. As oil production declines, global food production will decline, and a massive human die-off will occur (from starvation or war).

As the petroleum age draws to a close, human society will return to a solar-energy-based civilization. To be sure, there are some other significant energy sources on the planet in addition to oil. One is nuclear energy. It is not a viable long-term solution because it generates large and intractable amounts of waste. For uranium supplies to last for a long time, they must

be used in fast-breeder reactors, which produce plutonium. In this age of terrorism, the presence of a large number of plutonium-producing plants scattered around the planet is not a stable situation. Another source of energy is coal. The planet is estimated to contain sufficient coal to fuel industrial society for several hundred years, but the problem of burning the coal without releasing the carbon into the atmosphere (and causing a lethal greenhouse gas effect) has not been solved. Also, the conversion of coal to oil (e.g., via Fischer-Tropsch liquefaction) requires much energy – if this is done, the coal supply will not last nearly as long as it would if used directly. (A couple of years ago there was much talk about using America's vast coal reserves to produce oil and more electricity, but those plans have collapsed – the "energy" cost of making oil from coal or pollution-free electricity from coal is very high.) The feasibility of using nuclear fusion to generate electricity has been demonstrated in the laboratory, but despite a half-century of trying, the practicality of this energy source remains elusive. The evidence seems overwhelming that as oil depletes, human society will return to existing on recurrent solar energy.

(The concept of "carbon sequestration" to place the carbon dioxide formed from the burning of fossil fuel is laughable. The carbon is *already* sequestered – why not simply leave it where it is? Some day, all coal will be gone, and so burning of coal is not a long-term solution to society's energy requirements. Absent a good use for the energy (e.g., using it to transit to a different system of planetary management, one that is long-term sustainable for the biosphere and the human species), there is no point to using the coal at all – by prolonging the industrial age it simply causes the extinction of countless more species.)

The "awkwardness" of the present situation is that solar energy can support only a small fraction of the world's current population. At a low level of living, solar energy can support about 500 million people. At a high level of living, it can support on the order of about 5-10 million people. As global energy supplies exhaust, human population will fall back to these numbers (i.e., will die off). The only significant issue is, as Joel Cohen and others have put it, "how many people, at what level of living." The recurrent-solar-energy budget is fixed. All that may be decided is whether to use it to support a high level of living for a few people or a low level of living for a larger number. In any event, the size of a long-term-sustainable solar-energy-based human population is far smaller than the current human population. (For discussion of human carrying capacity, see, for example, David and Marcia Pimentel's Food, Energy, and Society (1979, 1996), and Joel Cohen's How Many People Can the Earth Support? (1995).)

The US has made no efforts to prepare for life in a recurrent-solar-energy-based world. At a low level of living, recurrent solar energy can support (long term) about 63 million people in the US; at a high level of living, recurrent solar energy can support about one-tenth this number, or 630 thousand. The current (2008) population of the United States is 304 million, and it is increasing by about three million per year (from immigration). That is about five to fifty times as many as can be supported by recurrent solar energy, and the situation is getting worse every year. It is interesting to compare the situation for the US to that for Russia. Although Russia has a larger total land area than the US, it has less arable land. At a low level of living, solar energy can support about 44 million people in Russia, and at a high level of living it can support about 440 thousand people. The current population of Russia is 142 million people, and it is declining by about one-half million per year. This is about three to thirty times what solar energy can support, but at least Russia is headed in the right direction (i.e., its population is declining to a recurrent-solar-energy-based level). (The statistics on populations supportable by solar energy are taken from Can America Survive? and related documents at http://www.foundationwebsite.org/canam4x.htm ,

http://www.foundationwebsite.org/PopAnalysisAllCountries.txt and
http://www.foundationwebsite.org/PopProfileAllCountries.txt .)

When populations change size for the usual demographic reasons (changes in birth rates, death rates, and migration rates under peaceful conditions), they change rather slowly. Even if the US started today to bring its population into line with solar energy limits by stopping all immigration and adopting a one-child-per family policy (as in Communist China), its population would not start to decline for some time (due to "momentum" of the "population pyramid," as the current children reach child-bearing age), and would then decline slowly. Unfortunately for those who would like to continue US and world populations at a high level, the decline in global oil production is upon us, and they will soon be declining rapidly. The amount of energy available to support the human population is about to begin to fall rapidly, and there is little that can be done about it (oil can be pumped out of the ground just so fast). When the global oil production decline is in full fall, global population will fall by about one hundred and fifty million per year. Considering that the global population is currently increasing by about 70-80 million per year, this means that an average of about 220-230 million deaths a year will occur from starvation or war over the next four decades.

The US imports more than half of its oil (about sixty percent, according to The Oil Drum (http://www.theoildrum.com/node/3233)). For some time, it will be able to continue oil imports by paying a lot for them, and let people in other countries starve to death (or reduce demand by wholesale extermination of the population of other countries). Eventually, however, there will simply not be oil for anyone at any price, and, despite what cornucopians such as Julian Simon may claim, there is no comparable substitute that heightened demand will create. At that point, all nations still in existence will revert to solar-based agriculture.

(There is a famous wager that was made once offered by Julian Simon to Paul Ehrlich (author of The Population Bomb (1968)), in which Simon bet that the price of commodities, including grain and fossil fuels, would not rise in price in future years. Here is a quote from Simon's book, The Ultimate Resource 2 (1996): "The first edition of this book contained this statement: This is a public offer to stake $10,000, in separate transactions of $1,000 or $100 each, on my belief that mineral resources (or food or other commodities) will not rise in price in future years, adjusted for inflation. You choose any mineral or other raw material (including grain and fossil fuels) that is not government controlled, and the date of the settlement. Offering to wager is the last resource of the frustrated. When you are convinced that you have hold of an important idea, and you can't get the other side to listen, offering to bet is all that is left. If the other side refuses to bet, they implicitly acknowledge that they are less sure than they claim to be." For many years, Simon bragged that he would have won the bet, had it been made. All it took, however, for the price of commodities to start to rise was for the world to reach Hubbert's Peak. Now, the price of oil is about $100 per barrel, and the price of grains is also rising (adjusted for inflation). And, of course, no amount of demand increase can bring back the species that have been lost from large human numbers and industrial activity. In the long run, Ehrlich was right. In the long run, Malthus will be proven right.)

Some people do not like to use the word "overpopulated," asserting that there is no such thing, that there can never be a "surplus" of people. This is a foolish denial of the way things are. The large current US population has been made possible and is sustained by the availability of large amounts of oil. When the oil is gone, the population will fall. That condition is overpopulation.

Fractionated Culture

Massive Immigration without Assimilation Has Fractionated the United States' Culture and Society

After the invasion of North America by the Europeans and the die-off of the Indians (from disease, starvation, dispossession of their lands and extermination of the buffalo (bison)), North America was a patchwork of different cultures – the Spanish in (what is now) Florida and the US Southwest, the French in eastern Canada and the Louisiana Territory (the middle third of the US) and the British in the eastern US. After the US was founded, it received waves of immigrants from Europe, such as from Germany, Ireland and Scandinavia. Gradually, as English became the country's principal language and immigration continued mainly from Europe, the US coalesced into a strong nation. It had a single language and was largely white and Protestant. The native American Indians had been decimated. The largest single minority was African slaves (Indians do not make good slaves). As the Industrial Revolution progressed, the country freed the slaves and eventually accommodated the Africans and integrated them into the mainstream American culture.

This process is now being reversed, by mass immigration over a short period of time by alien cultures from around the world. The largest single block of immigrants is from Mexico, and there has been little attempt to require them or even encourage them to speak English. Mass immigration is the result of the Immigration Act of 1965 (The Immigration and Nationality Act of 1965 or the Hart-Celler Act, which amended the Immigration Act of 1924). Prior to passage of this Act, immigration was restricted to small numbers of people from the same European countries and cultures that had settled the country and made it strong and great. After passage of the Act, immigration swelled to massive numbers, and most were from alien (nonEuropean) cultures. As legal immigration from alien cultures increased, with little assimilation there were now present in the population many people who were obviously foreign, and it became very easy for illegal immigrants to "blend in." Strong legislation was passed to prevent discrimination against legal immigrants, and it soon became impossible (in today's politically correct society) to discriminate against illegal ones. Illegal immigration increased to extremely high levels – presently about two million per year – far eclipsing legal immigration. Over time, the US became very fractionated, with respect to all components of culture ("peoplehood") – race, language, religion, ethnicity and politics.

This process of fractionation has been evident for a long time. The first major book on the subject was Joel Garreau's The Nine Nations of North America (1981). As the process of fractionation became more extensive and obvious, many more books were written on this subject, including Arthur Schlesinger's The Disuniting of America (1991), Lawrence Auster's The Path to National Suicide (1990), Rosalie Pedalino Porter's Forked Tongue (1990), Brent Nelson's America Balkanized (1994), Georgie Anne Geyer's Americans No More (1996), Patrick Buchanan's The Death of the West: How Dying Populations and Immigrant Invasions Imperil Our Country and Civilization (2002) and State of Emergency (2006). There are many books on immigration, including Peter Brimelow's Alien Nation (1995) and Jean Raspail's prophetic novel, The Camp of the Saints (1973). A very comprehensive source on immigration is The Immigration Briefing Book, by the Carrying Capacity Network (1994).

In his book, Day of Reckoning (2007), Patrick Buchanan observes, "Is diversity a strength? In the ideology of modernity, yes. But history teaches otherwise. For how can racial diversity be strength when racial diversity was behind the bloodiest war in U.S. history and has been the

most polarizing issue among us ever since?" Buchanan quotes findings of Robert Putnam, author of Bowling Alone on the subject of diversity in America: "His research shows that the more diverse a community is the less likely its inhabitants are to trust anyone – from the next-door neighbor to the mayor…. Prof. Putnam found trust was lowest in Los Angeles, 'the most diverse human habitation in human history….'

"…By 1960, 88.6 percent of our nation was of European stock and 95 percent Christian. America had never been a more united nation. African Americans had been assimilated into the Christian faith and national culture if not fully into society. While Jews, perhaps 4 percent of the population, were non-Christians, their parents or grandparents had come from European Christian nations.

"Since the cultural revolution of the 1960s and the Immigration Act of 1965, however, the ethnocultural core has begun to dissolve. Secularism has displaced Christianity as the faith of the elites. The nation has entered a post-Christian era. There is no longer a unifying culture. Rather, we are fighting a culture war. And the European ethnic core is shrinking. From near 90 percent in 1960, it is down to 67 percent today, and will be less than 50 percent by 2040.

"Here we come to the heart of the matter.

"Quo Vadis, America? Where are you going?

"If we have no common faith and are divided by morality and culture, and are separated by ethnicity and race, what holds us together? Especially in light of Putnam's report that 'diversity' dilutes 'social capital,' erodes communities, and engenders mutual mistrust."

Buchanan makes a number of other comments on diversity and related topics. Excerpts are presented in the Appendices.

Near the end of his book, Buchanan quotes Euripides: "There is no greater sorrow on earth, than the loss of one's native land." The truth of this statement is profound. It has been said that we do not own the land, that it owns us. We are rooted in our land, as much as in our culture. When we lose our native land, we have lost the physical link to our culture and our heritage. We have lost something as significant as our parents and our family. Economic development is destroying the lands that I knew as a boy in Canada and the United States. The wooded areas in which I used to hike are now all destroyed, consumed by highways, housing developments, schools and shopping centers. When I was a boy in Spartanburg, the city water supply was a pleasant little lake called Rainbow Lake. We used to go swimming there on weekends. Family reunions were held in the Rainbow Lake Pavilion. The population of Spartanburg back then was about 50,000 people. Most people could walk to school – certainly to elementary school, and in many cases to high school. Now, with a population of several hundred thousand, Rainbow Lake has been destroyed, replaced by a much larger Lake Bowen (Bill Bowen, who planned the lake, was an uncle of mine by marriage). The amazing thing about this is that we now have water shortages! All that matters to the controllers of the US is wealth, and creation of scarcity is one of the best ways of increasing the value of things. Unfortunately, economic growth destroys nature. It is destroying our native land.

Some Background on the Passage of the Immigration Act of 1965

The drive for the Immigration Act of 1965 came from interests that strove to weaken the traditional, mainstream, dominant US culture, which was white Anglo-Saxon Protestant (WASP,

European, Northern European, Nordic, Teutonic). The two principal actors in passage of the Act were Senator Edward Kennedy and the Jewish Anti-Defamation League (ADL) (the Act was sponsored by Senators Emmanuel Celler and Philip Hart). Both parties sought to weaken the dominance of Teutonic culture in the United States. The ADL was founded in 1913 after the lynching of Leo Frank in Atlanta. A description of the ADL's work in promoting mass immigration to the US from alien cultures is presented in Kevin MacDonald's The Culture of Critique (1998). A discussion of Senator Kennedy's role in passage of the Act is presented in Lawrence Auster's The Path to National Suicide (1990).

(In this section and a later one, there is a fair amount of discussion of Jewish groups and Jewish culture. I have no particular interest in Jews or Judaism, and my discussion of them in this work arises simply from my observations of the significance of their role in affecting US culture and security, in observing the remarkable success of their efforts in statecraft and nation-building, and in comparing the success of their efforts to those of the United States.)

In working together for passage of the Act, Senator Kennedy and the ADL had different motives. Although Senator Kennedy was (and is) a Catholic, his sponsorship of the Act had little to do with his Catholic religion. The passage of time has shown that the Catholics as a group have little interest in "taking over" the US government, culture, or country. (During the era of the Papal States, the Roman Catholic Church *was* very interested and involved in acquisition and use of political power. While the Roman Catholic Church is still quite concerned with material wealth and still operates a small country (the Holy See, Vatican City), it is not at present involved in major political operations.) Although far fewer in numbers than Protestants, they view themselves (as Christians) very much as an integral part of the traditional US culture, not as an alien people attempting to take it over or assume control of it.

The motives of the ADL were quite different. The ADL is a socio-political instrument of the Jewish political movement, and its motivation and role in passage of the Act were to further their political ambitions in support of the movement to establish the Jewish state of Israel (Zionism). As a Jewish organization, the ADL was in no position to sponsor the Act, and they sought a gentile to "front" for it. Senator Kennedy was mindful of Jewish political power. As a young senator early in his career, he sought to enhance his power by aligning with the wealthy ADL and the "Jewish lobby." He was quite willing to accommodate this group by serving as a Christian "front man" for the Act. It was Kennedy's religion as a *Christian* (not as a *Catholic*) that served the ADL's interests. The Act could have been sponsored by either a Protestant or a Catholic, and achieved passage. The fact that Kennedy was Catholic and not Protestant was in fact a weakness, but the popularity of the Kennedy family name compensated for this. Although Kennedy, as a named sponsor of the Act, bears some responsibility for its passage and for the resultant destruction of US culture that it caused, this was not his primary objective. Kennedy's role in passage of the Act was that of a pawn serving as a gentile front-man for the ADL. With his connection to the Kennedy family, he served the ADL very well in achieving their objective of passage of the Act. His primary motive, however, was advancement of his own personal political power, not of the political power of the Catholic Church (or of the Zionist movement). The fact that mainstream US culture would be destroyed was not a concern to him – in fact, he adamantly insisted that this would not happen.

In serving as a sponsor for the Act, Kennedy was in fact a shill for the ADL. More than any other single event, the Immigration Act of 1965 signaled the demise of traditional American culture. The ADL's role in passage of the Act was long-standing and with purpose (i.e., the nurturing of the modern state of Israel); Kennedy's was not – it was opportunistic. He was simply the Judas who betrayed his country for a few pieces of silver. While Senator Kennedy,

as a named sponsor of the Act, may claim responsibility for it, and while his name will forever be linked to this signal event in America's demise, he was in fact not the prime mover, but simply a Quisling, a Benedict Arnold, who betrayed his country and culture for his own personal gain. (The only essential difference between Benedict Arnold and Edward Kennedy is that, whereas Arnold's cause failed and his treachery was therefore in vain, the goal of Kennedy's treachery was achieved – he has lived to see the dissolution of the culture of the United States, primarily because of his Immigration Act of 1965.) Senator Kennedy was recently (May 2008) diagnosed with brain cancer. Had he died before sponsoring the Act would have made little difference, for two reasons: (1) the ADL would have found some other gentile to front for it; and (2) as Ariel Durant observed, "A great civilization is not conquered from without until it has destroyed itself from within." By even considering the Act, it is evident that US culture was well down its path to destruction, and positioning for its demise. From this perspective, even the participation of the ADL *per se* is of little consequence: had the ADL not been the agent primarily responsible for passage of the Act, some other group or event would have served as pivotal agents in the US' demise. (This is admittedly a rather philosophical perspective – few of us can control our lives to a great degree, but achieve our life's purpose or significance simply by responding to the larger environments and situations into which we are born or find ourselves.)

One might reasonably ask why and how Americans could have allowed mass immigration to overwhelm and displace / destroy their culture. The story is a little long, but it is very interesting and illustrates well the importance of culture in determining the destiny of a nation, and so I will digress a little by discussing it in some detail. It also points out some features of Israeli society that contrast significantly with present US culture, with respect to national survival. Prior to the 1965 Act, US immigration had been limited to a few tens of thousands of people, mainly from Europe, for many decades. The ADL and Senator Edward Kennedy convinced Americans that restricting immigration to Northern European cultures was morally wrong. President John Kennedy had recently been assassinated, and many Americans mourned his loss. He had written a book, Nation of Immigrants (1958), in which he praised immigration, and he had attempted to pass an immigration bill of his own, but failed. Robert F. Kennedy, who had been Attorney General under President Kennedy, also pressed for passage of the new bill. President Kennedy's book was revised and enlarged in a 1964 edition – it is significant to note that the 1964 edition was copyrighted by the Anti-Defamation League of B'nai B'rith. Some people, such as North Carolina Senator Sam Irvin, asserted that the new bill would flood the country with immigrants from alien cultures and change the ethnic composition of the country. Senator Kennedy countered that this would not happen, and implied that the opponents of the bill were racist bigots. The bill passed, and the country began its passage to oblivion.

One of the key features of the new Act was the fact that it promoted "family reunification." This meant that foreigners having close relatives in the US were likely to be granted immigration visas. Since Asians and Latinos have high birth rates, this feature resulted in a phenomenon called "chain migration," in which large extended families were granted entry. Birthright citizenship was granted to any child born in the US. Relatives of such children, such as a mother or father, were also granted immigrant visas – such babies were called "anchor babies." (The January 3, 1999, issue of the St. Petersburg Times Parade Sunday Supplement contains a feature (cover) article entitled, "An American Experience: A Report for the Millennium," by Ted Szulc. It documents the story of how one Mexican crossed the border thirty-two years previously, concealed in the trunk of a car. He evaded police for several years until his wife had two children, who were automatically granted birthright citizenship. With US-citizen children, he and his wife then qualified for a Green Card (a work-permit visa), followed by US citizenship. They went on to have ten children – all US citizens. All stemming from one criminal invader of our country. To further its program of selling of America to generate more wealth for the

wealthy elite, the US government has rewarded this criminal alien invader with citizenship for himself and ten of his relatives. The US Constitution requires the government to protect the country from invasion. The government imprisons one percent of its adult male population, while rewarding alien invaders with citizenship. The US government is guilty of high treason, and should be held accountable. It rewards illegal aliens with birthright citizenship for their children, while it imprisons its own citizens at the highest rate in the world. It no longer deserves the support of the governed.)

The Effects of Mass Immigration on US Society

Over the years, many Americans became alarmed at the flood of illegal aliens, and complained. They complained mainly on the basis that the illegal aliens were depressing their wages and taking their jobs. Few people complained that the masses of illegal immigrants were changing US culture, since this argument was immediately labeled as "racist" and "bigoted." Instead, the argument asserted by the government in favor of mass immigration was invariably that it was good for the economy, and it did not depress wages or employment for citizens. The fact was and is that immigration *was* good for the economy. It *did* depress wages and employment to some extent (mainly for lower-wage earners), but the overall effect of immigration is to increase gross domestic product – the country with 300 million people living in it produces much more goods and services than the country with only 200 million people, and the country's wealthy elite are much better off. Mass immigration was very good for business, and so the government, which now served the wealthy elite, was not about to put the brakes on it. The fact that mass immigration was destroying the culture, the environment, and the quality of life for many US citizens was downplayed, suppressed, ignored, and contradicted by the US government and its economists.

As an example of "Hume's Paradox" (that the masses have the power to overthrow their governments, but rarely do), US citizens were too timid to stand up for their culture. They let the US government convince them, quite falsely it is now patently obvious, that it was in their economic interest to allow mass immigration. They were dissuaded from standing up for their culture because (1) they were accused of bigotry in doing so and (2) they were promised an increased standard of living. In the end, seduced by the false promise of continued material well-being, they lost both their culture and their standard of living.

Once there were massive numbers of legal aliens from different cultures in the US, it became very difficult to distinguish them from illegal aliens, and illegal immigration mushroomed. It got so bad that in 1986 the US government passed the Immigration Reform Act granting amnesty to millions of illegal aliens. The government claimed that this would not be done again. It lied – granting of a path to citizenship to the 12-20 illegal aliens currently in the country has been promoted by the Bush administration and is being promoted by all three presidential contenders (John McCain, Hillary Clinton, and Barack Obama).

Machiavelli asserted that there are three main ways to administer a conquered people: (1) annihilate them (as the Romans did to the Carthaginians); (2) overwhelm them with large numbers of your own people (as the Communist Chinese are now doing in Tibet, the Israelis have been doing in Palestine, and the Europeans did to the native American Indians in North America); or (3) back local oligarchs (powerful families) and control the country through these surrogates. None of these approaches was feasible for minorities to overcome the United States, since it had not been conquered and its mainstream culture was too strong. The way that was adopted to conquer it, and, after four decades has proved to be highly successful, was to flood the country with immigrants from alien cultures. This could not have been done, of

course, had the country's mainstream culture not already started to decline and was ripe for takeover. As Ariel Durant once observed, "A great civilization is not conquered from without until it has destroyed itself from within."

In his book, Breaking the Spell: Religion as a Natural Phenomenon (2006), Daniel Dennett relates the interesting story of an ant that laboriously climbs to the top of a blade of grass, falls off, and climbs back over and over again. It turns out that this strange behavior is caused by a parasite, the lancet fluke (*Dicrocelium dendriticum*), that is striving, as Dennett relates, "to get itself into the stomach of a sheep or cow in order to complete its reproductive cycle. This little brain worm is driving the ant into position to benefit *its* progeny, not the ant's. This is not an isolated phenomenon. Similarly manipulative parasites infect fish, and mice, among other species. These hitchhikers cause their hosts to behave in unlikely – even suicidal – ways, all for the benefit of the guest, not the host." Another parasite that causes similar behavior is the parasitic protozoan *Toxoplasma gondii*, which can cause rats and mice to be drawn to the scent of cats, rather than to be fearful of it. The recent flooding of the US with immigrants is analogous to the phenomenon of these behavior-controlling parasites. In similar fashion, Jewish culture has taken control of US culture, and America is now a client state of Israel. Jewish interest groups (ADL, Zionists, the "Jewish Lobby," the "Israeli Lobby") have played the role of the lancet fluke to induce America to do its bidding. Their primary tool was the Immigration Act of 1965 – which was passed by American lawmakers! With a little help from a cultural parasite, America destroyed itself.

The founders and early leaders of the United States knew what was required to establish and maintain a country. They restricted the vote to landowners and representation in favor of the white race. When revolution was initiated by the secession of South Carolina in 1861, Abraham Lincoln crushed the effort with a bloody civil war – the bloodiest war in the history of the US (close to one million deaths). In the latter part of the nineteenth century, the US government embarked on a genocidal war of extermination of the native American Indians. It exterminated the buffalo, which was essential to the food and culture of the plains Indians. It relocated Indians from their homelands to small, inhospitable reservations, some of which resembled moonscapes. It sent smallpox-infested blankets to the cold, starving survivors. When World War II broke out, they immediately placed all Japanese living in the US in concentration camps.

Jewish Capabilities in Statecraft

While America's founders and early leaders knew what to do to create and maintain a nation, our current leaders have abandoned their principles, and the nation is disintegrating. It is not that they do not know what is required, but that they are implementing the will of the planet's controllers (wealthy elite). The same is true for South Africa. The founders and present-day leaders of the modern state of Israel, however, know exactly what to do to found a nation and maintain it, and they have the will, intelligence, and skills to do it. This section describes some of the history and characteristics of Israeli statecraft, which is similar to that of America's founders but stands in stark contrast to the policies and actions of US leaders of the past half-century and today.

The historical background of the eventual takeover of America by the ADL is fascinating. The Ashkenazi (Eastern European) Jews who founded the modern state of Israel knew what was required and were prepared to do it, to establish their own country. Prior to the founding of the modern state of Israel in 1948, the country was Palestine. The founders of modern-day Israel had no racial or ancestral links to the Biblical Jews. They were Khazars, or Ashkenazim, from Eastern Europe (Germany). Following the breakup of the Ottoman Empire in the First World

War, they saw an opportunity to obtain a country of their own, by taking over Palestine. The Arabs were in total disarray, and allowed this to happen. Although the Ashkenazim / Khazars had no historical or racial or ancestral links to Palestine (the Holy Land), they asserted that they had religious ties to the Biblical Jews, and on this basis deserved a homeland in the area then occupied by Palestine. They were in fact not "returning" to the Holy Land, since their ancestors were never from it. The Biblical Jews are not the ancestors of the Ashkenazi Jews. The Ashkenazim had no moral or ancestral claim to the land of the Biblical Jews. They had no more legitimate, moral or hereditary claim to Palestine than Sammy Davis, Jr.

The Ashkenazim sought and obtained the backing of British Foreign Secretary Balfour for their cause. In 1917 Lord Balfour sent a letter to Lord Lionel Walter Rothschild in support of this idea – this letter is now referred to as the "Balfour Declaration." The letter did not suggest the taking over of Palestinian territory, but simply the establishment of a national home for the Jewish people within Palestine. Once the Ashkenazim got a foothold in Palestine, however, they quickly took over.

The movement of the Ashkenazim to take over Palestine is called Zionism. It is a political movement, disguised as a religious one. Religion is the handmaiden of government, and history has shown how it can be a very effective tool in accomplishing political goals. The Ashkenazi Jews had no ancestral link to the Biblical Jews, but they made very effective use of religion to imply that they had a rightful political claim to the Holy Land. In fact, there was no basis to their claim – moral, ancestral, historical, legitimate or other. Neither they nor their ancestors were from that land, which had been occupied by Palestine for two millennia. They had and have no moral right to Palestine, and the country, Israel, that they founded has no moral right to exist – the modern state of Israel was founded on sham and deception – but they backed up their unfounded claim with force. They now have a *legal* right to it – and a legal right to exist – since they, with the support of the United States, can enforce it.

After the Second World War, the Ashkenazim had the support of Britain to migrate to Palestine and set up homelands. Alarmed at what was happening, the Arab nations in the area attacked the Jewish settlements. To the Arabs' surprise and great misfortune, the Jews repelled the attack, defeated the Arabs, and promptly laid claim to Palestine as their own country. As they say, "the rest is history." Ever since then, the Palestinians and other Arabs have been whining (whinging or whingeing, to my British readers) about this takeover. This is a waste of time. Every country in the world was established by conquest, and, under international law, the "rightful" owners are those who are strong enough and clever enough to defend their claim. This is what Britain did in North America, it is what the United States later did, and it is what all nations do. The Ashkenazim had and have no moral right whatsoever to move in and take over Palestine. They did it, and they are able to defend it, and that is that – they have thereby established a *legal* right to it.

In their conquest and subsequent administration of Palestine, the Ashkenazim followed Machiavelli's dictums to the letter. Machiavelli identified three means of administering a conquered land: (1) kill everyone; (2) set up puppet local administrators (such as powerful families or warlords), and tell them that you will support them as long as they cooperate with your goals (e.g., in Iraq, give us access to oil); or (3) overwhelm the land with your own people, to outnumber the original inhabitants. The Israelis have applied the third means of assuring their control over Palestine. They flooded the new state of Israel with a massive influx of Eastern European Jews. Here follows a quote from Col. Thomas Hammes' The Sling and the Stone (2006):

"As early as 1991, even before the Oslo accords were signed, the Likud Party (led by Netanyahu and Sharon) worked to defeat any possible compromise with the Palestinians in the occupied territories. One of their key tools was encouraging the immigration of a million Soviet Jews. With the fall of the Berlin Wall, the Soviet Jews were eager to emigrate to the West. The Israeli government did its best to encourage these people to come to Israel. In doing so, they achieved two goals. First, they reversed the population trend that saw Palestinian [Mizrahi] and Sephardic (non-European [Iberian]) Jews growing rapidly in proportion to the Ashkenazim – Jews of European [Germanic] descent. Second, they provided the people needed to populate the West Bank settlements the Likud Party was rapidly building."

As a final indignity to the Palestinians, the Israelis (Golda Meir) asserted that they don't even exist as a people. If they ever did, they have now simply been erased, extinguished, eradicated, exterminated from history – from this viewpoint, the "Palestinian people" is nothing more than a figment of the past, a bad dream, and no longer part of reality. (Actually, Mrs. Meir was essentially correct in her characterization. The people who occupied what is now Israel were not a unified ethnic group, but a loose collection of Semites (Jews, Arabs, Druze), most of whom would have preferred to remain part of Syria or Lebanon. Referring to them as "a people" at that time is rather a stretch of the imagination. While Palestine was certainly a recognized place, it was hardly a well defined "people." On the other hand, whether they were or were not or are or are not a people is irrelevant. No group of people, whether considered "a people" or not, has any right of self-determination, or any right to anything, except as they establish it and maintain it by force.)

A key ingredient in the Ashkenazim takeover of Palestine was support from the US, the new world power after the Second World War. Jewish interests (such as the ADL) now control the US. The US has become a client state of Israel. The small state of Israel, through the Jewish diaspora in the United States, now asserts essentially complete control of the US. The major event in establishing this control was passage of the Immigration Act of 1965 and the subsequent flooding of the US with alien cultures. Another significant event was the takeover of the US media by Jewish interests. Through this control, much further progress was made in destroying Teutonic culture in the US (through films that promote multiculturalism, inclusiveness, diversity, pluralism, equality, tolerance, openness, permissiveness, political correctness and intermixing of all cultures and ethnic groups except Jews – see the cover of the March 22, 2008, issue of Vogue magazine for a current example (Lebron James and Gisele Bundchen in a pose suggestive of King Kong and Fay Wray)).

How this happened is clear. Why it happened is also clear. America could not have been taken over by Jewish culture had its own culture not weakened so that it no longer strove to defend itself and survive. Jewish culture defends and protects itself. It has survived for thousands of years, and it will continue to survive. America was not destroyed by the Jews or the Catholics, or by any other group. Recall Ariel Durant's observation, "A great civilization is not conquered from without until it has destroyed itself from within." American culture chose not to defend itself. Through neglect, it lost its will for self-preservation. It forgot that the fundamental responsibility of any country is to defend itself. Culture is the spirit of a country. The culture that founded and maintained the US is no more. The US no longer has a spirit that strives to survive. America's spirit is gone, and the country will not last.

In their quest to destroy US mainstream culture, the ADL allied with other minority groups, such as Catholics and blacks. The ADL and Senator Kennedy were very successful in initiating the process that culminated in the fractionation of the United States. Recently, they have been joined in the quest to destroy traditional American culture by Hispanics and Asians, represented

by immigration proponents such as LULAC, MALDEF, ACLU, various lawyer advocacy groups and the Ford Foundation – see William Hawkins' book Importing Revolution: Open Borders and the Radical Agenda (1994) for more on this. America is now being flooded with immigrants from every corner of the world. This process of destruction of US Northern European culture is about complete. It appears that when a culture reaches the point at which 25 percent is not of the mainstream culture, it is ripe for disintegration. The US has reached that point – the tipping point – and is now living on borrowed time.

For more discussion of the destruction of US mainstream culture by Jewish culture, see Kevin MacDonalds' The Culture of Critique (1998, 2002), Separation and Its Discontents (2004) and A People That Shall Dwell Alone (2002). For more on the takeover of Palestine by Israel, see David Icke's Tales from the Time Loop (2003) or The David Icke Guide to the Global Conspiracy (2007); David Fromkin's A Peace to End All Peace (1989); John Mearsheimer and Stephen Walt's The Israel Lobby and U.S. Foreign Policy (2007); James Petras' The Power of Israel in the United States (2006) and Rulers and Ruled in the US Empire (2007); Ilan Pappe's The Ethnic Cleansing of Palestine (2006); Michael Neumann's The Case Against Israel (2005); Alan Dershowitz' The Case for Israel (2003); and Jimmy Carter's Palestine: Peace Not Apartheid (2006). Carter and Dershowitz accept, imply, or promote the notion that Israel has some sort of "moral right" to exist, and to remain the occupier of Palestine. They assert that since the Ashkenazim call themselves Jews and a band of Jews once occupied land in the Holy Land 2500 years ago, they have a greater moral right to the land than the Palestinians who occupied it prior to 1948. The "starting point" for their arguments is essentially 1948. No country has any moral right to exist, or to take over another country. Countries are not people – they are simply social contracts – figments of imagination, ideas, set to paper. Countries exist only so long as the social contract establishing them remains in force, they retain a will to survive, and they have the strength and cunning to accomplish and maintain the embodiment of that desire. A "right" is nothing more than a legal privilege granted by those in authority. As long as Israel retains its power, or is protected by the US or the UN, it has a "right" to exist. Palestine does not have a "right" to exist, since no one is willing and able to actualize their desire to exist. The American Indians no longer had a right to North America, once the United States had the will and the capacity to take it from them. The US of today may possess some vague sense of desire to continue, but it in fact has lost its will to survive, and it will disappear quickly. Barring nuclear annihilation by its Moslem neighbors, Israel will continue to exist, because it has the will and the means to survive.

On 14 May 2008 US President George Bush delivered a speech in Israel, in celebration and praise of the sixtieth anniversary of "Israeli Independence." In this encomium, he made no mention of the fact that the founders of the modern state of Israel stole their land from the previous residents ("Palestinians"), and accomplished their independence as much from deception, assassination and terrorism as by formal military combat on the field of battle. Bush, like Jimmy Carter, appears to take justification for the existence of Israel for granted, never mentioning that *all* Israeli land was taken, just a few years ago, from the Palestinians. Bush asserts that he wants to provide land for the Palestinians. If he really believed this, why not simply revert to the borders of 1947? (After giving this speech, which was surely an affront to the Arabs, Bush proceeded to Saudi Arabia to ask for an increase in oil production (to help moderate the price). As an accommodation, despite the affront, the Saudis graciously agreed to an increase of 300,000 barrels per day. Bush complains that the price of oil is going through the roof because global production is "flat." Of course it's flat – Hubbert's Peak is passing! Just wait till we start sliding down the back side of Hubbert's Curve – "you ain't seen nothin' yet!")

In the current presidential race, the candidates fall all over themselves in declaring their support for the Jewish state of Israel. Why do they support this, and not the Palestine that preceded it? They declare that Iran shall not be permitted to develop or obtain nuclear weapons, when the State of Israel has one or more nuclear warheads targeted on every Arab capital.

The "Jewish Lobby"; The Israeli Lobby; Zionism; Machiavelli

In the preceding paragraphs (and in some to follow), I occasionally use the general term "Jews," and it may not be clear exactly what group of people I am referring to in every case. "The Jews" are frequently a collective scapegoat, but they are a diverse group, and I wish to make sure that it is clear to whom I am referring. The term "Jew" refers to religious or ethnic groups, not to a racial group – Jews may come from any racial group. As a large group of people, Jews have many interests – some are in favor of Zionism, some against it; some support the ADL's program, and others do not. In general, perhaps it would be preferable to use the term "Jews" instead of "the Jews," since the policies and actions of specific groups of Jews certainly does not reflect the policies and actions of all Jews.

In the discussion of the takeover of Palestine and US culture by "the Jews" or "Jewish interests," I am referring generally to the Ashkenazim (the Eastern European Jews who founded modern Israel), but more specifically, I am referring to what is now called the "Israel Lobby" or the "Jewish Lobby" in the United States, or "Zionists." The Ashkenazim are from the Caucasus region (the Khazar Empire, or Khazaria – located in what is now southern Russia; the term "Ashkenaz" is the medieval Hebrew name for the region which is now Germany and bordering German-speaking areas.) and later from Eastern Europe. As a people, they converted to Judaism about a thousand years ago; they are not descended from the Biblical Jews. They are Caucasian / Hungarian / Magyar / Russian / Hun / Teutonic / Finnish / Ugrian / Turkic in origin, not Semitic (North African / Middle Eastern). The very interesting thing that many people do not realize is that when these people, the Ashkenazim, expropriated the Holy Land from the previous residents, they expropriated it from *all* of the previous residents, including the descendents of the Biblical Jews who inhabited the area. These latter people (Palestinian Jews, the descendents of the Biblical Jews) are Semites (just as are the Arabs); the Ashkenazim are not. When the Ashkenazim took over Palestine in 1948, they also assumed control of the Semitic Jews who inhabited the area – in essence, the Ashkenazim "hijacked" Judaism from the Biblical Jews. It is the *Ashkenazim* who founded modern Israel and remain in firm control of it – not "Jews" in general. The Ashkenazim consider themselves distinct from the Palestinian and Sephardic Jews. As noted above, they flooded Israel with a million of their fellow Ashkenazim (from all over, but mainly from Eastern Europe / Russia), to strengthen their control and dilute the control of all other native Palestinian groups, including Palestinian and Sephardic Jews, Palestinian Arabs, Muslims, Druze and Christians.

To make my position perfectly clear, I do not see that any group of people has any moral right to possess anything. It does not matter whether their descendents "got there first," or whether their ancestors fought and killed and died to obtain a homeland, or whether they are "making better use of" the land, or whether they "deserve" it more because they have "better" governance, or whether their version of God gave it to them. I do not believe that Israelis have any greater claim to the Holy Land than the Palestinians – neither has any more right to it than I do. All that matters from a practical viewpoint is the current legal (political) right to the land – who lays claim to it and has the power to enforce their claim. From this viewpoint, it may be asked why I spend time discussing the history of the Jews in dispossessing the former residents of Palestine, taking over American culture, promoting passage of the Immigration Act of 1965, and founding the modern state of Israel. The reason is that the Jews (more specifically, certain

groups of Jews, such as the Ashkenazim, the Zionists, and the “Jewish Lobby” (or “Israeli Lobby”)) exemplify very well certain aspects of statecraft that have much to do with the future course of America and the planet. Briefly, they follow the principles of Machiavelli, and they are accomplishing their political objectives. The US people once did, but no longer do, and they have lost their country.

The Ashkenazim are not Semites, and so it is amusing to hear them refer to negative remarks about their actions or programs (and the people who make them) as “anti-Semitic.” They identify with the Holy-Land (Palestinian, Semitic, Biblical-descendent) Jews when it is in their interest (i.e., when making claim to the Holy Land), but they are not ancestrally related to them and they consider themselves quite distinct from them and superior to them (e.g., when it comes to allocating housing in Israel).

It is also interesting that, as part of their program to arrogate Palestine and establish full control of it, per Machiavelli they overwhelmed the country with their fellow Ashkenazim, including the immigration of a million Jews from Russia. For decades, Biblical scholars have discussed the fact that Biblical prophecy predicts that in the “last days” Israel would be conquered by people from the “uttermost north,” which is interpreted by many to refer to Russia. From this perspective, when the Ashkenazim flooded Israel with one million Russian Jews, they were fulfilling Biblical prophecy (see Hal Lindsay’s (with C. C. Carlson) The Late Great Planet Earth (1970) for more on this).

In view of this history, while it may be technically correct to assert that the US and Palestine were taken over by “the Jews,” it is misleading. It would be more informative (precise) to say that they were taken over by the Ashkenazim – by Eastern Europeans / Russians / Caucasians / Germans, not by Semites or descendents of Biblical Jews, as the ambiguous term “the Jews” might imply. The Ashkenazim used the religion of Judaism as a tool for founding the modern state of Israel. (This ploy – using religion to further political purposes, is certainly not unique to the Ashkenazim. Religion has served as the handmaiden of politics since the dawn of civilization.)

Because the Jewish Lobby is having a profound effect on US culture and political life, the literature on this topic is increasing. Several recent books on the subject are Michael Neumann’s The Case Against Israel (2005); John Mearsheimer and Stephen Walt’s The Israel Lobby and U.S. Foreign Policy (2007); James Petras’ The Power of Israel in the United States (2006) and Rulers and Ruled in the US Empire (2007); Alan Dershowitz’ The Case for Israel (2003); and Ilan Pappe’s The Ethnic Cleansing of Palestine (2006).

Some excerpts from some of the references listed above are presented in the Appendices. They discuss the issue of the right of Israel to Palestine, and Israel’s ability to conquer and retain that land. These excerpts reveal how well the Ashkenazim have applied Machiavelli’s principles of conquest and administration to achieve their objective of founding and maintaining the modern state of Israel. (In view of their deftness in politics, the Jews are one of the few groups capable of establishing and maintaining a planetary government, although it appears that they have little interest in this larger aim – their focus appears to be simply the founding and maintenance of a small state (Israel).)

I am in accord with Neumann’s assertion that no “people” has any “right” of self-determination, or right to a homeland, or any other “natural” right – rights are simply privileges extended by those in power. The people of the southern United States claimed to have such a right, and seceded from the Union – President Lincoln put a stop to that. The people of Kosovo recently

claimed such a right, and it was supported by those in power, so they in fact had it. The Israelis and the Palestinians both claim this right, and the Israelis are able to establish it and the Palestinians are not. Even defining what constitute a "people" is problematic. You often hear reference to the "Iraqi people." There is no "Iraqi people" – just major ethnic groups such as the Kurds, the Sunnis and the Shiites. Golda Meir asserted that the Palestinians were not a people. While traveling in 1867 in the area that is now occupied by Israel, Mark Twain found the area essentially void of people.

The point to the above is that the Ashkenazim control modern Israel not because they have any moral right to it, or possess any right of self-determination. They do not, and "the Palestinians" do not. The Ashkenazim / Israelis control it and have a right to it because they claim that right and are able to enforce it. That is the only reason.

The preceding books document how well the Ashkenazim have followed Machiavelli's dictums in establishing and maintaining control of Palestine. Like the Europeans who conquered America and decimated its former inhabitants, they did what they had to do, and they succeeded. At the present time, it would appear that the Ashkenazim are the only group that is willing and able to do what is necessary to set up and maintain a viable system of planetary management. In view of their ancestry (European / Khazarian / Ashkenazi / Caucasian / Russian / German), they would come by this leadership role naturally.

Alan Dershowitz' book, The Case for Israel, is essentially an apologia. As did Jimmy Carter in his book, Peace Not Apartheid (2006), he adopts the starting point of his arguments in support of the right of Israel to occupy Palestine as the founding of the modern state of Israel in 1948, and he assumes that Israel has some sort of moral "right" to exist and to occupy this land. He promotes the argument that since a band of Biblical Jews occupied Palestine a couple of thousand years ago and the Ashkenazim are of the same religion, they therefore have a "right" to the area. He also asserts that since the modern Israelis have adopted democracy and rule of law and are running an efficient state, they deserve the area more than the Arabs. He asserts the right of self-determination: "Israel is a state comprising primarily refugees and their descendents exercising their right of self-determination. Beginning in the 1880s, the Jews who moved to what is now Israel were refugees escaping the oppressive anti-Semitism of colonial Europe and the Muslim states of the Middle East and North Africa. Unlike colonial settlers serving the expansionist commercial and military goals of imperial nations such as Great Britain, France, the Netherlands, and Spain, the Jewish refugees were escaping from the countries that had oppressed them for centuries. These Jewish refugees were far more comparable to the American colonists who had left England because of religious oppression (or the Europeans who later immigrated to America) than they were to eighteenth- and nineteenth-century English imperialists who colonized India, the French settlers who colonized North Africa, and the Dutch expansionists who colonized Indonesia." As I have remarked before, a "right" is simply a privilege granted by those in power – it exists only as long as it is enforced by the granting power. Israel has a right to Palestine because it took it from the Palestinians and has the power to keep it, just as the Europeans took America from the Indians. Henry Ford once said, "Never complain, never explain." Lee Iacocca added, "Never apologize." The Ashkenazim who conquered the land that is now Israel and are holding it do not apologize. They do what is required to conquer a land and keep it. They will endure.

Background on the history of the Ashkenazim is presented in a number of sources, such as David Icke's Tales from the Time Loop (2003) and The David Icke Guide to the Global Conspiracy (2007), and David Livingstone's Terrorism and the Illuminati (2007). Livingstone's

book includes some discussion of the geographic source of the Ashkenazim. An excerpt on this topic is presented in the Appendices.

Decline in US Culture

The preceding paragraphs describe the fractionation of US culture. Fractionation alone is sufficient to destroy a nation (e.g., the breakup of Yugoslavia, the USSR, Ireland and the near-breakup of Canada). What is just as significant, however, is a weakening of the core culture to the point where it no longer has the will to preserve itself, to survive. For a number of reasons (including mass immigration from alien cultures over a short period of time (so that little assimilation took place), a long period of peace, much wealth) traditional US culture has lost the will to survive. It is no longer willing to make the hard choices necessary to preserve a country and culture.

Apart from having lost the will to survive, US traditional culture has lost many of the attributes necessary for a culture to survive. Many of the recent immigrants are here simply "for the money." They have no allegiance to the principles of America's founders, or to Teutonic culture. Many of them, in fact, are inimical to America's culture.

Just because a group of people has a desire to exist as a defined group (nation, people, ethnic group) does not mean that it will. It needs many things to survive. The main ingredients, of course, are desire, will and ability. These are necessary, but not sufficient. Jared Diamond's books Guns, Germs and Steel: The Fates of Human Societies (1997) and Collapse: How Societies Choose to Fail or Succeed (2005) explore the many reasons for the rise and fall of civilizations and nations. Diamond focuses mainly on physical reasons, such as the environment. But other, intangible, reasons are just as important. These include discipline, loyalty, duty, intelligence, creativity, cunning and hard work (action). In recent years, American culture has become soft, undisciplined. Many new immigrants have no loyalty to US mainstream culture, and many native citizens wonder why they should by sympathetic to new immigrants who do not share their core values, are destroying their environment, are crowding them out of their own country, and are diminishing their quality of life.

For a number of reasons, America has lost its core culture. The main reason for this is mass immigration over a short time from alien cultures. But many years of peace and luxury have also taken their toll. An acquaintance of mine who owns a landscaping firm tells me that the reason that illegal aliens get work is that today's young Americans are simply not willing to work.

A number of books have been written on the subject of the decline of American culture. Two of the best are Georgie Anne Geyer's Americans No More (1996) and Robert Bork's Slouching Towards Gomorrah: Modern Liberalism and American Decline (1996). Other books on this topic include Arthur M. Schlesinger, Jr.'s The Disuniting of America: Reflections on a Multicultural Society (1991) and John Strausbaugh's Sissy Nation: How America Became a Culture of Wimps & Stoopits (2008).

The issue of people becoming soft from the good life is long standing. In this regard, it is of interest to recall the advice of Artembares to Cyrus, the king of Persia. (The following excerpt is from *A Study of History* by Arnold J. Toynbee, Abridgement of Volumes I-VI by D. C. Sommervell, Oxford University Press, 1946 / 1974, pp. 85-86. See also Herodotus: The Histories, Penguin Classics, Penguin Books, 1954, 1972, p. 543.) "*The Advice of Artembares.*

Herodotus has a story which is very much to the point in this context. A certain Artembares and his friends came to Cyrus with the following suggestion: ' "Now that Zeus has put down Astyages from his seat and has given the dominion to the Persians as a nation and to you, Sire, as an individual, why should we not emigrate from the confined and rocky territory which we at present possess, and occupy a better? There are many near at hand and many more at a distance, of which we have only to take our choice in order to make a greater impression on the world than we make as it is. This is a natural policy for an imperial people, and we shall never have a finer opportunity of realizing it than now, when our empire is established over vast populations and over the entire continent of Asia." 'Cyrus, who had listened and had not been impressed, told his petitioners to do as they wished, but he qualified his advice by telling them in the same breath to prepare their minds for exchanging positions with their present subjects. Soft countries, he informed them, invariably breed soft men.' *Herodotus, Book IX, chapter 121-122*."

Loss of Spirituality and Manifest Destiny

The Founders' Principles and Goals

The founders of the United States were highly spiritual men. By and large, they were Deists. It is misleading, even incorrect, to characterize the founding fathers as Christians (although they were), and the new nation as a Christian nation. The founders were Masons. Their religion was Christianity, but their spiritual beliefs were not characterized by mainstream Christianity. They had little use for the "magic" and "miracles" of Christian myth. Thomas Jefferson wrote a version of the New Testament (in four languages), The Life and Morals of Jesus of Nazareth (1819), in which he stripped out all of the mythology, such as the immaculate conception, virgin birth, vicarious atonement and resurrection, and concentrated on the moral principles that Jesus taught and demonstrated in his life. This book is called the Jefferson Bible, and a copy of it is presented to every new member of the US Congress.

The leaders of the early US had strong feelings and convictions about their undertaking. They did not grant citizenship or representation to just anyone. As the basis for representation in Congress, non-whites were given three-fifths the representation of whites. The US president had to be native-born. The country was founded as a republic (voters elect representatives who make decisions), not a democracy (voters make decisions directly).

Gradually, a concept of "Manifest Destiny" evolved, in which the country's leaders and citizens believed that the new nation had been granted a divine right to control the US land area "from sea to shining sea." The country's Great Seal includes the slogans, Annuit Coeptis (He Favors Our Undertakings) and Novus Ordo Seclorum (A New Order of the Ages). When the Southern states attempted to secede from the Union, they were brutally crushed by President Abraham Lincoln in a bloody civil war (The War Between the States). The Monroe Doctrine asserted that the US had dominion over the entire Western Hemisphere. The US purchased the Louisiana Territory from France (after France saw that it would be impossible to defend), and annexed vast regions of Mexico (the Mexican-American War of 1846-48). The American Indians were decimated and their lands confiscated.

The dominant culture of the United States was Northern European. In his book, Peaceful Invasions (1992), Leon Bouvier summarizes its view at the beginning of the twentieth century. "At the beginning of the twentieth century, the Anglo-American majority favored the total assimilation of the new European groups into an Anglo-dominated society. (It was taken for

granted – indeed, it was ordered – that Mexicans, Asians, and Blacks would remain culturally separate.) Cultural pluralism and even the melting pot were adamantly opposed. Theodore Roosevelt felt nothing but disdain for the hyphenated American and Woodrow Wilson declared that: 'Any man who thinks of himself as belonging to a particular national group in America has not yet become an American'."

Cultural and Political Change in America; Comparison to Israel and South Africa

After decades of being taught that any one culture is just as good as another, Americans have come to believe this. They have been taught that one person, family, tribe or race is no better than any other. Why, then, should one stand up for this culture or country? Americans have lost their self-esteem, sense of purpose and sense of destiny. They have lost pride in the principles, values and accomplishments of their ancestors; the only pride that remains is false, hollow, jingoistic pride. They have lost faith in their leaders, who have abandoned them in favor of the wealthy elite. They see that the US government is no longer "of, by, and for the people," but now functions mainly for the wealthy elite. Through their policies of mass immigration, massive international free trade and open borders, the country's leaders have severely diminished the quality of life for the US middle class. The government has emasculated its middle class – it has diminishing freedom, and is a slave to the economy and to debt. The US middle class is filled with fear and doubt about the future. It has lost its confidence and spirit.

It is instructive to compare the situation of present-day America with respect to sense of purpose and destiny to the experiences of two other recent countries – Israel and South Africa. Our children are taught that the annihilation of the Indians was a moral disgrace, and that Andrew Jackson was a brutal promoter of genocide. Israeli children are taught of the endless genocides committed by their ancestors in the Old Testament (Torah) as being religious duties demanded by God. Do you think that Israeli children of today are taught that the takeover and ethnic cleansing of Palestine by their grandparents, the Ashkenazim, was a shameful, moral sin? Or, quite the contrary, that it is their God-given moral right and destiny to possess the Holy Land? Our children are taught that the enslavement of Africans by our ancestors was a moral sin. Our forebears, who brought slavery to the New World, were in fact far more moral than we of today. Slavery is promoted and sustained by economics, not by morality – many of the country's founders were aware of the moral toll that slavery takes on the owners, and freed their slaves (but only after they were wealthy and old). Quite independently of these acts of individual morality, however, slavery died as a large-scale system because the industrial revolution made it economically unattractive. The moral crusades of people like William Wilberforce could only achieve fruition when the economic conditions were "right." Slavery still thrives in poor places in Africa, and it will return to the planet when fossil fuels disappear. And, to the dismay of some, it will largely be race-based – the Romans found that it is not practical to have slaves of the same race as the masters.

The following excerpt from Milton Meltzer's Slavery: A World History (1993) describes the economic basis for slavery in further detail.

"C.L.R. James, in his history of the San Domingo Revolution, asserts that the truth about British abolition was long obscured by scholars pandering to national vanity. Britain was moved less by idealism than by national self-interest, he says. Like James, historian Eric Williams, of Trinidad, holds that Prime Minister William Pitt wanted to abolish the slave trade as a means of ruining the prosperity of San Domingo, the French sugar colony so dependent for labor upon British slave traders. Britain could then recapture the European market with the help of sugar from India. Despite the fact that English idealists such as William Wilberforce and Thomas Clarkson

attacked the slave trade on the basis of inhumanity, behind them were merchants and manufacturers who no longer cared what happened to the planters of the West Indies and North America. They had poured the profits of the slave trade into new industries: their economic needs had changed. They were not concerned about finding African slaves because they wanted labor for their factories at home and had to find it inside Great Britain.

"So although colonial planters feared that abolition would ruin them, the new industrial leaders of England didn't care. They and their politicians were ready to listen when the abolitionists massed the popular voice in condemnation of the slave trade. If the political and industrial leaders could suppress the trade, it would allow a broader and more legitimate commerce to develop between Europe and Africa, providing markets for England's young industries. An international movement against the trade had already begun with Danish action in 1804. The Americans made it illegal in 1808, the Dutch in 1814, and the French in 1815. Almost all the maritime powers moved into line eventually, so that by 1842 the Atlantic slave trade was legally dead.

"*Legally dead.* Good had triumphed over evil with a major assist from business and government, but it was a paper victory…."

The Ashkenazim know how to conquer a country and keep it. They have read their Machiavelli well. In 1948 they launched an intensive program of ethnic cleansing to remove Palestinians from what had been their country. After winning the war against the Arabs in 1948, they adopted a policy of flooding their newly conquered land (now Israel, no longer Palestine) with Jews from around the world – one of Machiavelli's three ways of keeping and administering a conquered territory. (More specifically, they flooded the country with one million European Jews from Russia, to overwhelm not just the Palestinian Arabs, but the Palestinian Jews as well.) They set up concentration camps into which the former owners of the land – the Palestinians – were herded, just as the United States set up "reservations" for the Indians whom they had dispossessed of their land. The Americans set up reservations for the Indians in the 1800s, and the Askhenazim set up reservations for the dispossessed Palestinians in the mid-1900s.

The successes of the US and the Israelis in conquering a land and assuming control of it is in stark contrast to the experience of the South Africans. White settlers (mainly Dutch and British) conquered what is now South Africa several hundred years ago. With the explosive growth of the black population in the 1900s, the South Africans attempted to set up "homelands" for the blacks in their conquered territory, but they failed. The principal reason for this failure was timing – they tried to do this in the late 1900s, when the world had become too squeamish about this sort of thing. The last country to set up and maintain concentration camps and a system of apartheid was and is Israel, and it is able to do so only because it has the full support of the United States (in the US view, only whites can be racist – it had a problem with South African whites over blacks, but not with European Ashkenazim or Jewish Semites over Arab Semites). The blacks of South Africa garnered world opinion against this, and it became impossible to implement. Unlike the Israelis, who obtained the full support of the US for their program of apartheid, the South Africans failed to garner support from any prominent world power for their program of apartheid, and it collapsed. Their failure is really rather remarkable, inasmuch as the Dutch conquered South Africa several hundred years ago, whereas the Israelis were successful in implementing such a system at about the same time (the mid-1900s) in a land that they had just conquered (in 1948). The South Africans simply made their move too late and, unlike the Israelis, they did not develop and execute an effective plan for doing so (e.g., assumption of control of US culture). The Ashkenazim conquered Palestine in 1948 and promptly set about moving the Palestinians to the occupied territories of West Bank and Gaza.

They elicited US support, gained via a takeover of US culture (accomplished through the Immigration Act of 1965). The South Africans were as disorganized as the Arabs, and so they lost the country that they had conquered and lived in for four hundred years. If you want to hold onto your country, you had better read Machiavelli and see how to do it. The importance of having a powerful ally, such as the US, cannot be underestimated. Many nations in Africa maintain racist societies today (e.g., Malawi, Zimbabwe, Liberia) with the blessing of the US (South Africa notably not included, since in US eyes only whites can be racist – it is not terribly concerned when blacks enslave blacks or Semites enslave Semites).

American schoolchildren are taught that we should apologize for slaughtering the Indians and taking their land and putting them on reservations. They are taught that we should apologize to current-day blacks for our ancestors' enslaving their African ancestors. Do you think that Israeli schoolchildren are told that they should apologize for stealing the Palestinians' land and herding them into reservations (Gaza and the West Bank), and return the Holy Land to them? No way! They are taught that the Holy Land is their rightful homeland. They are taught that it is their manifest destiny to own Israel, just as American schoolchildren were taught in the nineteenth century that it was their manifest destiny to own America. The Ashkenazim taught that their religion gives them a right to the land. Although they had no ancestral or historical links to the Biblical Jews of the Holy Land, they have created a myth that they are the rightful descendents. They have commingled the political movement of Zionism (to create Israel out of Palestine) with the religion of Judaism. They have created and nurtured the legend of the Jewish Holocaust. They have committed acts of terrorism to draw attention to their cause (I once lived on Hassan Sabry Street in Zamalek, the site of one such action). They have assassinated their enemies around the world. They have managed the press and other media so that criticism of Israel is equated to anti-Semitism, to racism, to bigotry. They have corrupted US culture, through decades of films, books and magazines that depict a dissolute US white culture. Through a century of diligent planning and action, they have taken over the United States and made it a client state of Israel. They have worked hard to conquer Palestine and keep it. They will succeed, because they have the will and because they are doing what has to be done. They are taking steps to preserve their culture, and to retain possession of Palestine. They will endure. The white South Africans and the white Americans will not.

The Israelis, Ashkenazim and Jews of today promote and practice blatant racism – but only for themselves. They discourage Jews from intermarrying with nonJews (when I use "they" here, obviously I am not referring to any or every single individual of the groups, but to typical group characteristics). They restrict citizenship in Israel to Jews. They took over Palestine and adamantly refuse to give it up. They flooded the conquered Palestinian territory with Jews from around the world. They herded Palestinians into concentration camps and set up a rigid system of apartheid. The world calls on them to desist, but they thumb their nose at the rest of the world. They waged a century-long campaign to take over American culture (principal tool: assert that restrictive immigration practices are racist – for the US, not for Israel!) and make America their client state, to funnel massive wealth to their new country and to protect them from their much larger and wealthier adversaries. They have commingled and coalesced the political movement of Zionism with the religion of Judaism, to make it difficult for critics to protest their political ambitions and actions without seeming to attack the Judaic religion. They charge critics of Israel with being racist (anti-Semitic). They endlessly promote their losses in World War II as a major world genocide (the Jewish "Holocaust"). How do they get by with this? Through belief in their cause – that it is ordained (or, at least, blessed) by God. Through diligence and hard work. Through following the dictums of Machiavelli. They set their objectives, they planned their program, they worked hard and long, and they achieved their

objectives. They have done all of the things listed in the Protocols of the Learned Elders of Zion forgery, and no one can stop them.

The Afrikaners did and tried to do some of these same things. They conquered (along with the British) southern Africa several hundred years ago, immigrated in large numbers, and for a time took control of the territory. For a while, the Afrikaners followed Machiavelli's principles (and scriptures of the Bible, which are very big on genocidal wars of conquest), but then they abandoned them. They set up a system of apartheid and tried to maintain it. They moved to restrict the native Africans to homelands. When today's multicultural world criticized them as being racist and embargoed them, however, they lost their will, abandoned their effort, and promptly lost their country. What did the Israelis have that the South Africans lacked? How can the Israelis get by with blatant racism and the South Africans could not? Why was the United States successful in destroying Indian culture, annihilating the Indian race, rounding up the few survivors into concentration camps ("reservations") and enslaving millions of blacks, when the South Africans were unsuccessful in accomplishing similar (or even less extreme) things, even on a smaller scale? The difference is really very simple. The US and the Israelis had a belief in a "manifest destiny." They had faith in their cause. They believed that God was on their side. They believed their Bible, and made very effective use of religion as a political tool. The South Africans were and are religious, but somewhere along the way they lost the belief that they were chosen by God to rule. They came to believe that the blacks, not they, were entitled to control South Africa. Like Peter on the Sea of Galilee, they lost faith and they lost their cause.

In Plato's time, there was no distinction between the state and religion. Since that time, religion has served mainly as the handmaiden of the state – to justify the state (e.g., divine right of kings), to justify its actions, and to keep the people under control. World empires, such as the British, the French, and the Spanish used religion to justify their global conquests. In Biblical times, the Jews used religion to justify their takeover of the Holy Land and genocide of the previous residents. Although very religious, white South Africans did not make effective use of their religion in furthering their cause of retaining the Republic of South Africa under their control.

In his Apocalypse (1931), D. H. Lawrence wrote, "Pure Christianity anyhow *cannot* fit a nation, or society at large. The Great War made it obvious. It can only fit individuals. The collective whole must have some other inspiration." It is because the tenets of Christianity and some other religions apply only to individuals and not to states that most states insist on separation of church and state. The white South Africans of the twentieth century forgot this, and promptly lost the country that their forebears bequeathed to them. The Israelis do not have a problem with this, because they have carefully intertwined their religion and the state. Their Torah (the first five books of Christianity's Old Testament) teaches that God demands that they slaughter their enemies and possess the Holy Land. Today's white South Africans are praying for their oppressors and for a multicultural Rainbow Nation, when, if they want their country back, they should be praying for their own victory.

In taking over American culture, a key goal of Jewish interests was assuming control of the press. The US media are now largely controlled by Jewish interests. This is one reason why Jewish "excesses" are underreported, and those of others are emphasized. The prime example of this is reporting on the Israel / Palestine conflict. Another egregious example is the case of South Africa. While South Africa was ruled by whites, there was endless reporting of incidents to show whites in a bad light. Under black rule, horrific murders are committed on a continuing basis by South African blacks against South African white farmers, and there is rarely a murmur about this in the US press. Far more South African whites have been killed by blacks since the

onset of black rule in South Africa than blacks were killed by whites under white rule. This fact is of no significance or interest to the Jewish-controlled US media. US media reporting emphasizes reporting and entertainment that disparages, denigrates and weakens traditional US culture and the white race (it may be reasoned that the Ashkenazim are European, and therefore "white," so this may seem a little strange). Only whites can be racist. (For more on the influence of Jewish interests on the US media, see John Mearsheimer and Stephen Walt's The Israel Lobby and U.S. Foreign Policy (2007).)

The Appeal of Democracy to the Masses and to Their Controllers

The political system of democracy (or representative democracy) has great appeal for the masses. Even though the wealthy elite control the system, the masses believe that they are in charge. Ultimately (as David Hume observed (Hume's Paradox)), they *are* in charge, but most of the time they submit to control by their leaders – government by the consent of the governed. Democracy is a workable system only if the population is homogeneous with respect to important attributes, such as race, religion, language, culture and politics. The founders and early leaders of the US recognized this, and annihilated, conquered or suppressed all non-white-Anglo-Saxon-Protestants (e.g., Indians, Mexicans, French, Spanish). The Israelis recognize that they have a problem under "democracy" in harboring a fast-growing minority population – the Palestinians. They will take action to address it, so that their culture will not "lose control" of their country under democracy, by means such as restricting citizenship and immigration to Jews and denying the former-resident Palestinians a political voice (e.g., by herding them into "homelands" such as the West Bank and Gaza – making them prisoners in the very land that was once theirs).

We live today in a world of "virtual" democracy. The apparent system of government is representative democracy, but it is totally ineffective (as a tool of the people). The people think that they are in control and that their elected representative act for them, but their representatives in fact act on behalf of the wealthy. Since democracy works best for the people when the people are homogeneous, the wealthy have no interest in allowing that to continue. With a fragmented, heterogeneous country, such as the US is now, democracy comes to a standstill, becomes paralyzed. That is exactly what the wealthy elite want. That is why they passed the Immigration Act of 1965 – to flood the country with alien cultures, fractionate it, and remove all power from the people. When the people do not speak with a unified voice, they are less of a threat to the controllers. This is a straightforward application of the age-old principle of "divide and conquer." That is why the corporatist rulers of today's world are so in favor of uncontrolled immigration, especially for large (potentially threatening) countries or unions (e.g., the US or the European Union). Plato knew that democracy would not work as an effective means of government for the people. The corporatists also know this, and that is why they are so adamant about spreading democracy around the world. Along with debt-based money and compound interest, it is the third major tool of corporatism and global control. (I will have more to say later about corporatism, which is simply rule by corporations.) If the US citizenry were a still a people, it would fight back to defend itself. As a fractionated agglomeration of cultures – a mongrel nation – it now has no cohesion or collective sense of destiny.

The corporatists have no problem with democracy. They embrace it. It is the perfect form of government for total control -- the people think that they are in charge, and so they are easy to manage. Plato knew of the fundamental flaw of democracy as a form of government for the people – that the masses would elect poor leaders who would pander to them. (Indiana's Governor Rob Blagojevitch is the latest example.) We see this clearly in America today. The world's most powerful democracy elects some of its poorest statesmen. They are putty in the

hands of the corporatists. Didn't you ever wonder about this? As Franklin D. Roosevelt once observed, "Nothing in politics ever happens by accident. If it happens, you can bet it was planned that way." Corporatism has three main tools at its disposal – debt-based money, interest, and democracy (I might also add to the list the legal concept of granting corporations the same rights as natural persons). Democracy is a very important tool, and that is why you hear people like George Bush – a pawn of the corporatists – touting it so much. It enables you to rape the people with impunity. They think that they are in charge, and if things don't work out well, then no one else is to blame but themselves. At least they are right on the last item.

The Decline of American Culture and Will

The descendents of the Northern Europeans who conquered North America, decimated the Indians and placed them on reservations held onto the land until now, but they are no longer doing what is required to hold a country, and they (both the US and Canada) are fast losing it. The founders of modern Israel knew what to do to conquer Palestine. Their descendents are continuing to do what is required to hold onto that land. The Afrikaners and the British conquered South Africa, settled it, and lived there for four centuries. They died and killed for the land, and it was theirs. The last two generations, however, did not know what to do to keep their land, or if they knew what to do they did not do it, and they have quickly lost their country. They have thrown away what their forebears gained for them – a beautiful homeland. The same is true of Zimbabwe. The same thing is now happening to the US, to Canada, to Australia, and to every other country where mass immigration is diluting the culture that founded the country and made it great. In throwing their country away, South Africa's current generation have shamed themselves and forsaken the legacy bequeathed to them by their forebears, built through centuries of blood, tears and hard work. The United States and Canada are doing the same thing. Australia, England, and the rest of the British Commonwealth are doing the same thing. It must be a British thing. These people no longer deserve the countries that their forefathers bequeathed to them.

Americans are losing confidence in the will and ability of the US government to protect American citizens abroad. America has adopted a "bunker" mentality; US Embassies abroad look like armed fortresses. This was not necessary when America was respected in the world. (It is not necessary today. Protection of foreign embassies is the responsibility of the host government. If any host government cannot protect a US embassy, America should step in to do so, or leave.) Americans who get into trouble overseas cannot take comfort that the US government will come to their aid (e.g., Americans who languish for years as victims of kidnappings in foreign lands, such as the three Americans who were recently (July 2008) rescued by the Colombian armed forces (along with Ingrid Betancourt). Now that the US government offers its citizenship to millions of people from foreign cultures every year (including 50,000 drawn by lottery!), granted citizenship to millions of illegal invaders in 1986 and is trying to grant it to 12-20 million illegal invaders today, it has declared that it places no value US citizenship, other than an means to economic activity.

Many books have been written about the decline of American culture and loss of spirit and sense of destiny. These include: Georgie Anne Geyer's Americans No More (1996); Robert Bork's Slouching Towards Gomorrah (1996); Patrick Buchanan's The Death of the West (2002), State of Emergency (2006) and Day of Reckoning (2007); and John Strausbaug's Sissy Nation (2008). A new report on the loss of traditional American culture is E Pluribus Unum: The Bradley Project on America's National Identity (2008). This report observes that the United States was founded as a nation based on ideas, that the current generation is "forgetting" those

ideas, and that we are losing our national identity. Ann Coulter's Treason (2003) discusses the treacherous attacks on America by "liberals."

Excerpts from Buchanan's Day of Reckoning are presented in the Appendices.

With due respect to Mr. Buchanan, I do not see that his list of suggestions will ever be implemented. Even if they were, it would make no difference. The US, as a society, has already failed. It is too late. The "point of no return" was passed long ago. The fact that the conditions that motivated Buchanan's list were allowed to come about demonstrates that the country has already failed. The country has already committed cultural suicide.

Globalization

Free Trade Reduces the Once-High Income of US Workers

It is a fundamental truth of economics that trade promotes economic growth. It generates additional transactions (as people desire material things that are not locally available or are more expensive locally) and it may be more *economically* efficient (producing more goods at lower cost by taking advantage of comparative advantages). In promoting free trade, the wealthy elite knew that it would increase their riches. At the same time, free trade is an equalizer. The US middle class once had incomes that were far higher than those of workers in the rest of the world. If tariffs had continued to equalize the labor component of goods, the US middle class could have continued to have high incomes. The US would have continued to operate as a closed system, and the difference in wages between the US workers and those in other countries would have been irrelevant. To have done this would have sustained high incomes (and power) for the middle class, but produced much less wealth for the wealthy elite. While the wealthy crave ever more wealth for themselves, they have no concern for the middle class.

(Note that although trade may be more *economically* efficient, it is often exquisitely wasteful of precious resources, and very inefficient from a non-economic viewpoint. Early in the petroleum age, the cost of oil was low – as low as ten cents per barrel. When the cost of oil was still relatively low compared to today's prices (e.g., one dollar or ten dollars per barrel, compared to over one-hundred dollars today), the country started importing many things that it did not have to, such as food and toys from around the world (the US now imports forty percent of its food, and almost all of its toys). This practice was extremely wasteful of natural resources (e.g., oil). To economists, however, all that matters is the money – if it is cheaper right now, and then do it! The fact that all of the oil will be gone someday, and this practice is incredibly wasteful and unsustainable, is simply an "externality." The practice of assigning monetary prices to things (even human life!) or alternatives and making decisions based on economic analysis (e.g., using "cost-benefit" analysis; or condoning the destruction of the Amazon Rain Forest since the logs can be sold for money; or promoting "free trade" because it increases gross national product even though it ruins people's lives), as economists are wont to do, leads to very wrong decisions and policies. The radioactive waste from nuclear power plants lasts for 30,000 years. The fact that this generation's use of nuclear power destroys the quality of life for the next thousand generations of human beings and causes irreparable harm to the environment is not a concern to an economic model – it is simply an "externality." But nuclear power is now "cheaper" than oil, so do it!)

Under massive international free trade, there are no tariffs to offset the wage differentials between US workers and workers in third-world countries making pennies or a few dollars per day. If there were, the high incomes of US workers could continue, but there would be much less trade and less profits for the wealthy. So the economists – the intellectual servants of the wealthy – kept insisting that everyone would be better off under a system of free trade. What a lie! A few voices were heard to say that the income of US workers making far more than workers in poor countries would have to fall, but they were quashed. The official line of the economists and the government was that "everyone would be better off" ("a rising tide lifts all boats," as economists such as Jeffrey Sachs are wont to say). Tariffs and quotas were lowered or eliminated, and free-trade agreements such as the General Agreement on Tariffs and Trade (GATT) of the World Trade Organization (WTO), the North American Free Trade Agreement (NAFTA), the Central American Free Trade Agreement (CAFTA), and the European Union (EU) were established.

Free Trade Has Reduced the Quality of Life of the US Middle Class

After a half-century of free trade, the quality of life for the US middle class has been substantially diminished. The US middle class was placed in direct competition with workers making a dollar a day. As long as we had high technology and most of the third world did not, the productivity advantage of US workers enabled their high wages to continue, even under free trade. But as the rest of the world acquired the same technology that was available in the US, the productivity advantage of the US worker disappeared, and there was no possible way without tariffs for US wages to remain high. And they didn't. In 1950, a family could be supported on a single income. Now, it takes two incomes to maintain a family. On average, each family has to provide twice as many hours to the competitive labor market as it did before, just to make ends meet. The move to both parents working in the competitive labor market started with the Second World War, and continued for several decades. By sending more and more wives to work, US families were for a long time able to offset the low wages of foreign countries. By now, however, that trend is complete, with both parents working in most families. Over that same period, the rest of the world industrialized. In many places it became as productive as the US. This meant, in a world of free trade, that US incomes had to fall: All of the adults were now working in the competitive labor market, and it was no longer possible for families to offset the wage differential by sending our wives to work – they were all working! It is no longer possible for families to provide more labor, since there is no one left to send to the labor market. The US middle class are therefore now seeing a real decline in their individual wages and in their quality of life. The wealthy are far better off than before, but US middle class workers are much worse off – both parents must work in the competitive labor force, and now that all of the wives are working, real family (not just individual) incomes are falling. The US government declared war on the US middle class, and the war is almost won. Both parents of almost all families must now enter the competitive labor force, must work longer hours than ever before, and the children are raised in "industrial" day care centers.

Free Trade Has Decimated the US Manufacturing Base

The US has given its technology to the world, has shipped its manufacturing capacity overseas, and has outsourced many of its jobs. Because of the massive difference between US wages and wages of workers in poor countries, there was no way under free trade that US firms could continue to pay high wages, once all countries had access to technology. Without tariffs or quotas to offset the low wage rates of poor countries, US manufacturers could either close up shop or transfer their operations to low-wage-rate countries, which they did on a massive scale. (The import of millions of low-wage illegal aliens was also a response to this.) The US lost its

manufacturing in shoes, textiles, steel, consumer electronics – virtually everything except exotic weapons. The US no longer manufactures what it uses, and it is now purchasing massive quantities of products from countries such as China, to whom it has exported its manufacturing capacity. The problem is that it does not have sufficient production of its own to sell to these countries, and so the trade deficit has exploded. The US is the world's largest debtor nation, in thrall to the rest of the world. Its main exports are arms (military equipment). It imports most of its consumer goods and about 40 percent of its food, when it was once – and could be today – totally self-sufficient in these areas. It is no longer self-sufficient, and has left many of its citizens with little meaningful work. The US government has caused all of these things to happen, at the behest of the wealthy-elite controllers of the country and the world.

Globalization Destroys Local Cultures

"Globalization" refers to the fact that the entire world has become an integrated industrial / economic system. This system is an economic powerhouse, a juggernaut. It consumes everything – labor and natural resources – to produce material goods. It is a remarkably productive and efficient system ("efficiency" in the economic (money) sense, not in physical (resource) terms). Under the policies of free trade, inefficient technologies, firms, and societies all "go out of business." This fact is now becoming very clear to Moslems. Under global free trade, they are no longer able to keep their wives at home if they want a high material standard of living, like the West. It is still possible to maintain this cultural practice in some countries, which are flush with oil riches. But in poorer Moslem countries, both parents will have to work, just as they do in the US. Moslems must now send their wives off to work, to be seduced by their bosses and given the financial independence to raise the divorce rate to 50 percent, just as in the West. Essentially, under free trade, Islam – Islamic culture, which places a high value on protecting its women – must go out of business or adopt Christian practices (which is about the same thing). And that is the essence of the rising conflict between Islam and Christianity. The two religions are, in essence, mutually exclusive. In a tightly integrated world, both cannot exist side by side. Today's Christianity is the religion of capitalism. Christian nations have sent their wives to work, and Islamic nations do not wish to do this. In the absence of protective tariffs (in this case, to offset the comparative advantage of countries in which both parents work), however, it is not possible to continue this practice. If Islamic nations wish to continue to protect their women, by keeping them out of the industrial labor force, then they will have to abandon free trade – the "great homogenizer." But the owners of the world – the wealthy industrialists – will never allow this. And for this reason, global conflict between Islam and Christianity is inevitable. It will not cease until free trade ceases, and this is not likely until massive change occurs, such as the end of free trade, the end of the petroleum age, global war, or the annihilation of Islam or Christianity.

Much has been written about the destructive effects of globalization. Globalization has been the direct cause of much environmental and social destruction around the globe. Some of the books on this subject are: Robert D. Kaplan's The Ends of the Earth (1996), Joseph Stiglitz' Globalization and Its Discontents (2002), John Pilger's The New Rulers of the World (2002), Kevin Danaher's 10 Reasons to Abolish the IMF& World Bank (2001), Lori Wallach and Michelle Sforza's The WTO: Five Years of Reasons to Resist Corporate Globalization (1999) and John Perkins' Confessions of an Economic Hit Man (2004). Thomas Friedman's The Lexus and the Olive Tree (1999) is an encomium for globalization.

Globalization Is the New Colonialism

Kevin Danaher's 50 Years Is Enough: The Case against the World Bank and the International Monetary Fund (1994) is a little dated, but it is an excellent compendium of examples of the massive environmental destruction and human misery caused by international finance and "development" organizations. Here follows an excerpt from this book.

"Despite the steady decline of Third World economies under the tutelage of economists from the World Bank and the International Monetary Fund (IMF), these institutions keep insisting that their wise men and their 'free market' policies will eventually foster development. Third World leaders are told that, in order to get more loans to pay off the old loans, they must implement 'structural adjustment' reforms. These include:

- selling state enterprises to the private sector in order to make governments more efficient
- raising producer prices for agricultural goods so farmers will have the incentive to grow and market more food
- devaluing local currencies (in line with their world market value) to make exports more competitive in foreign markets
- reducing government budget deficits by cutting consumer subsidies and charging user fees for social services such as health care and education
- encouraging free trade by dropping protectionist measures and by reducing regulation of the private sector
- creating incentives to attract foreign capital.

"Yet the central question that is consistently avoided by the enforcers of these policies is, do they work?

"Look at the case of Africa. Thirty of the 47 governments in sub-Saharan Africa have been pressured into implementing structural adjustment reforms. The effects have been devastating to the poor. As early as 1988, the United Nations concluded: 'The most vulnerable population groups, in particular women, youth, the disabled and the aged, have been severely and adversely affected.'

"Though western economists claimed that these policies would reduce debt burdens, by 1992, Africa's external debt had reached $290 billion, about 2.5 times greater than it was in 1980. The record of the IMF/World Bank gurus is also dismal in Latin America and Asian debtor countries such as the Philippines.

"Asian countries such as Japan, China and South Korea that have experienced high growth rates have done so *not* through a dogmatic 'free market' strategy as espoused by the Bank and the Fund, but through highly state-directed economies.

"Usually, we are exposed to analyses from people in the top 2 percent of the world's income pyramid. In contrast, the book you are holding includes strong representation of Third World voices explaining the many damaging effects of the neoliberal economic strategy imposed on them by 'experts' from Washington. As Martin Khor, Director of the Third World Network in Malaysia, sums it up:

> 'Structural adjustment is a policy to continue colonial trade and economic patterns developed during the colonial period, but which the Northern powers want to continue in the post-colonial period. Economically speaking, we [countries in the South] are more

dependent on the ex-colonial countries than we ever were. The World Bank and IMF are playing the role that our ex-colonial masters used to play.'"

For a discussion of the impact of free trade on reducing the quality of life for the US middle class, see John Culbertson's The Dangers of "Free Trade" (1985). I have not read Ravi Batra's The Myth of Free Trade: The Pooring of America (1996), but I see it referenced from time to time. Lou Dobbs' books, Exporting America: Why Corporate Greed Is Shipping Jobs Overseas (2004) and War on the Middle Class: How the Government, Big Business, and Special Interest Groups Are Waging War on the American Dream and How to Fight Back (2006) are popular recent books on this subject.

The Destructive Effects of Free Trade and Globalization Are Denied and Covered Up

The general public is aware that the quality of life is declining for the US middle class, but it is not highly aware of the reasons, and of the role of globalization as a source of the decline in its status. Similarly, there is awareness that the number of desperately poor people in the world has skyrocketed from one to five billion over the past century, all the while that the world leaders and their economists were proclaiming that economics would improve things. The fact is that free trade is responsible for the destruction of the quality of life of third-world countries and for a decline in the quality of life for the US middle class: it serves only the wealthy well. A few books have been written on the subject for the mass reading public, such as Stiglitz' Globalization and Its Discontents and Friedman's The Lexus and the Olive Tree, but they do not explain well why the current system of globalization is so destructive socially, environmentally and economically for most people, and yet persists. John Perkins' book, Confessions of an Economic Hit Man, explains very well why and how the system works in the international arena, but it is not taken seriously because it appears to be some sort of "historical fiction" (since anecdotes about Perkins' recruitment into the "system" cannot be verified). Books that describe the world control system rather well, such as Jim Marrs' Rule by Secrecy are generally dismissed as "conspiracy" theories – people simply don't believe that the world system can possibly be as sinister as it appears to be – and is!

The perception that globalization is destroying the quality of life for many and greatly increasing the number of people living in direst poverty is growing. The level of dissatisfaction with globalization is increasing, and being voiced with increasing force. Large public protest demonstrations now accompany international meetings on world trade. Kevin Danaher and Roger Burbach's book, Globalize This!: The Battle against the World Trade Organization and Corporate Rule (2000) describes this growing movement.

I picked up three small books some time ago that describe well what is going on. They are items in Seven Stories Press's Open Media Pamphlet Series: Kevin Danaher's 10 Reasons to Abolish the IMF and World Bank (2001); Lori Wallach and Michelle Sforza's The WTO: Five Years of Reasons to Resist Corporate Globalization (with introduction by Ralph Nader) (1999); and Juliet Schor's A Sustainable Economy for the 21st Century (1995, 1998). While these books present a good description of the situation (the books are a little dated now, but the message is still valid), their audience is very limited, so that most people have never been exposed to them. They confirm the thesis set forth by Perkins that the international financial institutions work to control third-world countries to transfer wealth from those countries to the wealthy elite of the economically developed nations. A few excerpts from them are presented in the Appendices.

Globalization Destroys Nations

As globalization increases, there is a corresponding decrease in nationalism and the power of nations. Globalization is at the same time increasing the income gap between rich and poor nations, while making the wealthy ones very homogeneous. The leading world corporations are now economically more powerful than many nations. The oil-rich nations of the Middle East are now so wealthy from oil that their "sovereign wealth funds" control a large and increasing portion of the world's financial firms and markets. See James McPherson's Is Blood Thicker than Water? (1998) for discussion of the decline in nationalism in the globalized world. Other books about nationalism in the era of globalization are Richard Worzel's Facing the Future (1994), Robert Birrell's A Nation of Our Own (about Australia, 1995) and Peter Brimelow's The Patriot Game: Canada and the Canadian Question Revisited (1986).

In the environment of free trade and globalization, the relative position of the US was bound to change. A book that discusses this is Eugene McCarthy's A Colony of the World: The United States Today (1992).

The era of globalization will come to an end as the petroleum age draws to an end. In fact, globalization will not last until global oil exhausts. The global industrialized world will start to collapse as soon as the world starts down the back side of Hubbert's Curve (the decline in global oil production) – just about now. Until now, the globalized world has been held together by economic power and industrial wealth. As the petroleum age comes to an end, this power will disappear, and global industrial society with it. As global wealth evaporates, the forces of ancestry, language, religion and customs will move once again to the fore. The importance of ancestry, language, religion and customs in structuring civilizations is discussed, for example, in Samuel Huntington's The Clash of Civilizations and the Remaking of World Order (1996).

With the rise of globalization, there has been a move to a single world government. There is much fear, resentment and anger over this trend, as well as an abundance of conspiracy theories. Books on this subject include David Icke's Tales from the Time Loop (2003), The David Icke Guide to the Global Conspiracy (and how to end it) (2007), Jim Marrs' Rule by Secrecy (2000), Daniel Estulin's The True Story of the Bilderberg Group (2007), Gary Kah's En Route to Global Occupation (1991) and Holly Sklar's Trilateralism (1980). The single world government is a popular theme of eschatology and "end times" fiction (e.g., Tim LaHaye and Jerry Jenkins' Left Behind series (1995 and later)).

The argument (frequently seen) that globalization is preventing democracy from protecting the environment and quality of life for people is laughable. Democracy is simply a tool of corporatism, and even in the absence of globalization and corporatism, democracy alone is historically seen to also be very destructive of nature. In fact, all three systems work synergistically to maximize the environmental destruction.

Low Security

There are two basic levels of security – personal security and national (state) security. Both are crucial to the individual's quality of life, and both are currently at low levels in the US. While much has been written on national security, less has been written on the subject of personal security. (The reason: The level of national security is a direct concern to the wealthy elite (since they don't want the country to be conquered by another sovereign power), but the average level of personal security is not, since they can afford to purchase security protection, and it matters little to them that most individuals cannot. In fact, it is to the distinct *advantage* of

the wealthy elite to have a low average level of personal security, since they make much money from production of security systems and provision of security services. It also justifies the government's maintaining a large police force to monitor and control the general population. This situation has been commonplace in the third world for a long time, but is new to the US, as it absorbs third-world culture and attributes as a direct result of mass immigration from third-world cultures.)

Personal Security

Fifty years ago, the level of personal security was very high for most people in the United States. Most people lived in relatively small towns. It was not necessary to lock your house unless you went on vacation. A 1955 Chevrolet automobile ignition could be turned in a permanent "on" position, and the key never used again – my parents-in-law had just such a car. They key was never used. The car was left unlocked at all times. Theft was not a concern – either for the car or its contents. You could walk safely in any area of town. Vagrancy and loitering were not allowed. Children could walk to and from school without fear. Blacks and other minorities had to be back in their neighborhoods after dark. Schools were free from violence and fear. Teachers and principals were respected.

All that has changed. Everything must now be under lock and key. Thefts and break-ins are a common occurrence. There used to be gangs in big cities, such as Los Angeles, New York and Chicago, but now they are everywhere. A police office told a neighbor of mine recently (in Spartanburg) that the Bloods and the Crips were active in a neighborhood about a mile from our neighborhood. MS-13 (Mara Salvatrucha) is powerful, violent and widespread. This past week, a local gang cut off the hands and feet of a local young mother. You cannot walk safely at night in virtually any US city. Break-ins and burglaries are commonplace. Random violence is increasing, as civil society breaks down. The security of the country has been lost to violent criminals.

The security situation has changed in the US mainly because of mass immigration, which has destabilized the social fabric of the country. Another major factor is criminalization of drugs – in order to support an illegal drug habit, many drug users must steal thousands of dollars of goods every day (and sell them to fences for ten cents on the dollar). Another factor is that much crime is committed by immigrants from third-world nations and blacks. Fifty years ago, the country was essentially free of immigrants, except for a relatively small number from Europe. Now, the country is overrun by immigrants from all cultures and the police are prevented from using "profiling" to apprehend them. Every year, the number of deaths to US citizens caused by illegal aliens is greater than the number of deaths to soldiers in the war in Iraq (this is of no concern to the US government, because the number of illegal aliens arriving is vastly greater than the number of Americans that they kill). Because of America's failed welfare system, the unemployment rate for black males is 50 percent, and 70 percent of black babies are born out of wedlock. Sixty years ago, black crime against whites was relatively rare, since blacks were required to be back in their neighborhoods by dark.

Murders of people by random attackers are now common. Previously, most murders were for crimes of passion, fights and robberies. Now, random violence is common (drive-by shootings, casual murders of random victims by violent gang members).

The level of violence in public schools is very high. This violence includes not only assaults on students by other students, but also assaults on teachers and administrative staff as well. School massacres, such as in Columbine, Colorado, were unheard of until recent times. The

violence against Americans is perpetrated not just by aliens and other Americans, but by the US government itself, as in the case of the Waco Branch Davidian Massacre and the murder of Randy Weaver's wife and son in Ruby Ridge, Idaho. Discussion of local crime is presented in Wayne LaPierre's Guns, Crime and Freedom (1994) and in Jonathan Karl's The Right to Bear Arms (1995). Duplicitously, the US government blames the decline in security on "terrorists," when it is in fact its own policies (of mass immigration, massive international free trade and open borders) that have caused it.

State (National) Security

At the national level, the decline in security has been profound. When I was young, all people, luggage and vehicles entering the country were searched. Now, most people and goods entering the country are not inspected. The "9/11" attack on the World Trade Center Twin Towers was carried out by 11 Egyptians who were in the country legally, and who received training in flying large airplanes quite legally from a US firm, here in the US. Because of mass immigration, massive international free trade and open borders, the country is very vulnerable to attack. It is just a matter of time before a nuclear "suitcase" bomb is exploded on a US city. The technology is available, the desire and will are strong, and the ease with which such an attack could be carried out is high.

The US government publicly decries and condemns the 9/11 violence, but in fact it relishes it. Under the capitalist political / economic system, the total cost associated with 9/11 (reconstruction and new security systems) is a positive contribution to the fundamental measure of the system's status and the success of the country – gross domestic product (GDP).

Through its policies of mass immigration, massive international free trade and open borders (all in support of globalization), the US government has destroyed the security and stability of the US population. Fifty years ago, it was not uncommon to leave homes and cars unlocked in most US towns. That is now out of the question. Because of these policies, the US is now quite vulnerable to attacks such as those on the World Trade Center, and its own citizens – who can no longer be readily distinguished from foreigners – are now submitted to onerous security measures at airports and other public places – even to enter their own public buildings. Every year, illegal aliens kill thousands of native US citizens, by murder and road accidents. Every year, the deaths of US citizens caused by illegal aliens exceed the deaths to US soldiers in the Iraq war. All of this has been caused by the policies of the US government, aimed at generating massive wealth for the wealthy elite. Why do the US president and many members of Congress support illegal immigration? They support it because it is good for business. US politicians are in thrall to the wealthy elite who control America, and they will promote virtually any policy that increases income and wealth for them. The US is in fact a fascist state – one in which government interests are aligned with those of big business. It is a plutocracy, in which the rich rule. It is an oligarchy, in which a small group of wealthy elite rules. It is a country managed by a government of the "ruling class," who do the bidding of the wealthy elite. It is no longer a government "of the people, by the people, for the people." It is a part of the global corporatist complex.

Books that discuss the issue of national security include Russell Howard and Reid Sawyer's Terrorism and Counterterrorism: Understanding the New Security Environment (2004) and Bruce Hoffman's Inside Terrorism (2006). Both of these books discuss the major role of religion in causing terrorism and violence. They do not discuss the fact that the low levels of national and individual security have been brought about by the plutocratic policies of the US government.

The Politics of Envy

The “politics of greed” refers to the use of political power to acquire material goods or services. The “politics of envy” refers to the desire of “have-nots” to destroy the wealth of “haves.” The wealthy elite make good use of the politics of greed to increase their riches. It is the basis for the current system of business in the US and the global economy. The politics of envy is the motivation for rebellion and revolt by the poor. It has been the basis for numerous revolutions and uprisings, such as the French Revolution, the Haitian Revolution, the Russian Revolution and the Luddite uprising in England. The politics of greed is not a major concern of the poor – it is expected that political leaders seek political power to amass wealth, and are highly motivated by greed (and lust for power and illicit sex).

The politics of envy is being nurtured both at the global level and the national level. At the global level, it is the basis for the hatred by Moslems of Christianity and the materialistic West. At the national level, the politics of envy has been at a low level for many years, because, although the position of the middle class was deteriorating, the quality of life was in fact still very good – the best that mankind has seen in the history of civilization. The poor had no reason to rebel, because of the massive and generous US welfare program. Now that the fortunes of the middle class are about to plummet, the situation will change drastically. The middle class will become poor, and very anxious and stressed. The wealthy will continue to be comfortable. As soon as the US economy collapses (and this will happen soon, as Hubbert’s Peak passes), the middle class will turn on the wealthy. They will turn on them for two reasons – motivation by the politics of envy, and knowledge that the wealthy willfully created the disaster by promoting population growth to a level far in excess of what solar energy could support.

A people depend on intelligent and wise leaders for guidance (in keeping them safe from conquest by foreigners). They also hope for a measure of honesty, fairness, decency and loyalty. They are quite willing to tolerate a certain level of greed and lust for power. America’s founders were committed to providing a framework for promoting “life, liberty and the pursuit of happiness” for the common man, but America’s current leaders have abandoned that framework and betrayed the American middle class. They have replaced government “of, by and for the people” by a government and economic system that generates fabulous wealth for the wealthy elite. They have subverted the founders’ concept and country. They have turned against the middle class. They have sacrificed the high quality of life and security of the middle class simply to generate massive wealth for the wealthy elite. When collapse occurs, the middle class will turn on the government and the wealthy with intense anger and hatred, for having knowingly deceived them and betrayed them and robbed them of the founders’ heritage. They will exercise their “right of primacy” and turn on recent immigrants (but not with hatred – why should they hate the immigrants? – today’s immigrants did not invade by force – the US government induced them and allowed them to enter and stay – they will attack immigrants as a soldier does his duty to attack the enemy, or as a white-blood cell attacks an alien virus). They will turn on all minorities (defined by *any* observable distinguishing characteristic, including race, religion, language, politics, ethnicity), simply because they are different, and there is no longer space or resources sufficient to support the entire population.

When the economic situation deteriorates and it is clear that, with the passing of fossil fuel, industrial society will never recover to its former levels, the American people will rise up in rebellion against the system that caused this to happen. It will be “mad as hell, and not going to

take any more." It will totally annihilate the corrupt system that destroyed the planet's ecology, boosted human population to unsustainable levels, and caused "overshoot and collapse." This convulsion will end the old system and make way for the new.

Oppression; Slavery through Debt; Compound Interest

The United States Is No Longer "For the People"

The average American has lost much of his freedom, even though, compared to people throughout the ages (of civilization), he still enjoys an incredibly high level of freedom. With the closing of the US Land Office in the late nineteenth century, the country declared that all of the free land was gone. A man could no longer stake a claim to 160 acres of land and support his family off the land. This was the last time that the country could support itself on current solar energy (about 63 million people at a low level of living). The population was about 50 million people (24 million in 1850, 44 million in 1875 and 76 million in 1900). From that time on, increasing population could be supported only through the use of technology and energy from fossil fuel. Before long, most people of average means could survive only by participating in the competitive labor market in an industrial economy. With the shift from a rural agricultural society to an industrial one, the American people would never be independent or truly free again.

The United States was a remarkable experiment in democracy. The founding fathers created a government of, by and for the people. This is an incredible thing for political leaders to do. It is not surprising, however, that it did not endure. Most politicians, such as the present leaders of the US, have little interest in using government to serve the people. The very idea of using political power to serve the common people is surely an absurd notion to most of them. It no doubt makes much more sense to use political power to serve the wealthy, as had been done through the ages. Over time, America's leaders abandoned the lofty ideals of the country's founders, and "regressed to the mean" of venality and corruption. With generation after generation of political leaders chipping away at the freedoms of the common man, it was just a matter of time until he returned to serfdom. The common man is no match for ambitious, crafty leaders – the leaders of any society will always be its most able. The US citizen was blessed with a high level of freedom because the US founding fathers – Masons – Plato's Guardians – willed it and established it. Recent generations of leaders do not relate to this concept. Masonry has about died in the US, and with it the Masonic ideals and principles on which the country was founded. (It should be remembered that not all of the founding fathers were in favor of establishing the US as a democracy. These included James Madison, Alexander Hamilton and John Adams, who strongly opposed democracy. They sided with Plato.)

Today, most people are slaves to the economic system that controls and operates the US. There is no alternative. You do as the system requires, or you will be imprisoned or killed. While this has been the case for most of humankind throughout the ages, what is different now is that the proportion of the production of working people used to provide wealth to the wealthy elite was for a time low but has risen dramatically in recent years. In a world filled with population and a destroyed environment, there is absolutely no alternative – there is nowhere else to go. The option of escaping from this environment (industrialization) does not exist – put up with it or change it are the only options. It is rather ironic that although the quality of life is declining for the US middle class, the level of wealth of today's Americans is higher than in all of human history – the US middle class has a higher level of material comfort than the kings of the Middle Ages. The problem is not that the quality of life is low for the US middle class – in

relative terms, it is very high. The problem is that it has been declining, that the direct cause of the decline is US government policy, and hope that future generations will enjoy a good life has been lost. "What have you done for me lately?"

Slavery Through Debt

Most Americans – most citizens of the world – are slaves to the industrial economy. And this economy is a cruel master. It has destroyed much of nature – certainly at the local level where many people could interact with it on a daily basis. In an industrial society, most jobs are repetitive, mind-numbing jobs that are not satisfying. With the exporting of most of America's manufacturing capacity to third-world countries, many people in the US do not even have the option of a manufacturing job. Labor is now nothing more than an international commodity. The lack of meaningful work and well paying jobs has manifested itself in serious social stress, discontent, anxiety and misery. As a result of the lack of meaningful work, many people have become ill or dysfunctional, and turned to drugs and crime. The US now imprisons one percent of its adult population, and one black man in seven is in jail. This is both a reflection of the lack of fulfillment associated with life in US society and the fascist nature of today's America.

The major tool that the government uses to enslave the poor and middle classes is debt. Since 1971, our currency and banking system has been backed by debt (debt-based money). This system, a fundamental component of "growth-based economics," has the perverse incentive that it must always grow (by a rate equal to the discount rate charged by central banks on money that is borrowed from them by private banks), or it will collapse. While corporations in the developed world have the skills to manage debt, most private individuals and third-world countries do not. The interest scheme on which the debt is based is compound interest. Under this scheme, the accumulated interest is added to the principal of the loan, so that interest is now charged not only on the original principal, but also on any previously-calculated interest (and on accrued "fees") as well. If the debt continues for very long (i.e., is not repaid promptly), the amount of the loan grows to astronomical levels. With simple interest, the amount of interest on an unrepaid loan grows linearly in time. With compound interest, the amount of interest on an unrepaid loan grows exponentially. Eventually, if the debt is not repaid, under compound interest the debt grows to unmanageable (and before long, astronomical) levels and the borrower becomes a slave to the lender.

The Amazing Power of Compound Interest

No (closed, finite) system based on exponential growth – such as the world's currency and banking system – can continue for very long. (I am not speaking here of *price inflation*, and the general decrease in the value of money over time. The value of money is arbitrary, and the monetary unit can be devalued as desired. What I am speaking of here is the *physical growth* that the system of debt-based money and compound interest causes (via its inducement of economic growth).) An economy using a money-and-banking system based on exponential growth keeps growing, faster and faster. If a borrower does not promptly repay a loan based on compound interest (such as in the case of maintaining an unpaid balance on a credit card, or a third-world country that has taken a "development loan"), eventually (and very soon at high interest rates such as are common now (e.g., 20 percent)) he cannot possibly repay the loan. At that point, he is under the complete control of the lender. If the individual can declare bankruptcy, he will. The lender may forgive the debt or a portion of it. In practice, just enough debt is forgiven to keep the borrower alive, so that he continues to pay as much as he possibly can to the lender. This is the mechanism by which the developed nations of the world keep the poorer nations in perpetual debt, and perpetually under their control.

Many people do not understand or appreciate the power of compound interest to explode the size of a debt, if it (or even just the interest) remains unpaid for very long. Many years ago (starting in 1926), US businessman George S. Clason wrote a series of pamphlets about being thrifty and how to achieve financial success. His system was based on compound interest. His pamphlets narrated parables set in ancient Babylon, and a number of them were compiled into the book The Richest Man in Babylon, which became very famous. Clason understood the power of compound interest. So did banks and insurance companies, which distributed his pamphlets to their customers. Compound interest is contrasted to simple interest, where interest is not added to the principal (i.e., there is no compounding).

It is no coincidence that Clason used Babylon for the setting for his writings. Babylon, the Book of Revelation's "Great Whore of the Earth," is considered by many to be Globalism – debt-based money, interest, democracy – the Iron Heel of Jack London. (It is interesting to note that in Christian eschatology (doctrine about end times), Babylon is destroyed in the last days of the age. Babylon was located where the current modern state of Iraq is today. The war in Iraq has destroyed that country. Is this a fulfillment of Biblical prophecy? Or is the collapse of globalization the predicted destruction of Babylon?)

Because of the explosive effect of compounding, the predominant form of interest in finance and economics is compound interest. Why? Because it is exquisitely advantageous to the lenders, who are the rich. Educated businessmen who use credit generally understand the malicious nature of compound interest. They can manage debt well, pay it off quickly, and compound interest is not a problem. These people rarely allow compound interest to enslave them. Even if their business venture were to fail, they would typically insulate themselves from personal ruin by ensuring that the debt was incurred by a corporation that they could dissolve, rather than by themselves personally. If they are big enough (e.g., a bank "too big to be allowed to fail"), then the government simply bails them out. The system is set up so that the rich can always avoid the trap of malicious compound-interest debt – it is set up so that the rich can incur massive debt without danger of personal financial failure. But for the poor, who tend to be uneducated and lacking in resources, the story is quite different. Almost none of them understands the exponential-growth nature of compound interest. Even if they incorporate, few lenders are willing to lend the money to a small-business corporation without the personal guarantee of the owner. They are often granted loans from a lender who knows that they will likely not be able to repay, in full knowledge that the compound interest will explode, the debt will become massive and unmanageable, and the government will enforce the collection. The poor often fail to repay their loans on time, the burden of debt under compounding quickly explodes, and they are lost. These people cannot manage debt well, and they cannot possibly afford to take out loans based on compound interest.

Both the US Government and Christianity Promote Usury

The US government has abandoned its people, standing by as they become slaves to banks, credit-card companies, and consumer-loan companies. In 2006, the Bankrupcy Reform Act ("Bankruptcy Abuse Prevention and Consumer Protection Act of 2005") made it much harder for individuals to declare bankruptcy. Most of the credit-card and consumer-finance loans in force today should never have been made, either because the borrower was not creditworthy or because the high interest rate and compounding virtually ensures that the debt will explode in size to unmanageable levels. If the government would restrict interest rates to low amounts, such as a few percent at simple interest, then lenders would not make most of these loans, and that would be perfectly fine, since continued economic growth cannot continue without

destroying the biosphere. The US government enthusiastically promotes usury. It supports the use of compound interest. It endorses the enslaving of its citizens in oppressive debt. It is beyond contempt. The country's leading religion, Christianity, used to stand in opposition to usury, but not any longer. Today, to its great shame, it stands by as the state enslaves its people. It is beyond contempt also. Much to its credit, Islam still prohibits the charging of interest on loans. (Islamic banking functions with similar "participatory financing" schemes, but it does not allow interest, and hence compound interest. It is the only major religion to do so, and hence the only one whose fundamental doctrines are compatible with long-range sustainability of the planet's biosphere.)

The United States government allows banks and credit-card companies to induce poor and middle-class people to assume large debts. Many people cannot pay this debt off. Under the system of compound interest and high interest rates (e.g., 20 percent), the debt becomes unmanageable. The intense assault to foist heavy debt on the US population has been ongoing for about half a century. Young families are provided with credit cards and no-down-payment mortgages. They are induced to purchase all sorts of goods, such as appliances and automobiles, with incentives and "easy credit" inducements such as no-money-down, no payment for months, and free gifts. The sales contract is immediately sold to financial organizations, and the process of charging compound interest begins. Many people cannot afford to repay loans quickly, and eventually, the interest and fees far exceed the amount of the original debt. The US government becomes an integral part of the process, not only in operating the exponentially-growing-debt system, but also as a debt-collection enforcer. This same process is applied to third-world countries. From this point on, there is a never-ending transfer of wealth from the borrower to the lender.

Credit-Card Debt

The amount of interest charged on credit-card debt is truly astounding. Credit-card debt is based on compound interest. Additionally, there are many "fees" imposed, such as late-payment fees or "over-limit" fees. The credit-card industry is impoverishing the US middle class. On May 2, 2008, Jim Abrams of the Associated Press released an article about the predatory lending practices of credit card companies, and plans to introduce legislation to address them. Here follow some excerpts from that article:

"The Federal Reserve and other regulators are moving Friday to crack down on 'unfair and deceptive' practices in the credit card industry that have added billions in debt to people already struggling to cope with the economic downturn.

"In the most far-reaching crackdown on the credit industry in decades, the Fed and two government agencies are proposing rules that would stop credit card companies from unfairly raising interest rates and make sure they give people enough time to pay their bills.

"The banking industry is expected to fight the new rules.

"Travis Plunkett, legislative director for the Consumer Federation of America, said that while he hadn't yet seen the details, the rules 'appear to address some of the most significant abuses in the credit card marketplace right now.'"

"The agencies said the new regulations could be finalized by the end of the year."

“Plunkett said his group estimates that credit card debt is now about $850 billion, with households that don't pay their credit card bills in full every month owing an average $17,000.

“The proposed new rules would prohibit:

- Placing unfair time constraints on payments. A payment could not be deemed late unless the borrower is given a reasonable period of time, such as 21 days, to pay;
- Unfairly allocating payments among balances with different interest rates;
- Unfairly raising annual percentage rates on outstanding balances;
- Placing too-high fees for exceeding the credit limit solely because of a hold placed on the account;
- Unfairly computing balances;
- Unfairly adding security deposits and fees for issuing credit or making credit available;
- Making deceptive offers of credit.”

“Ken Clayton, senior vice president of card policy for the American Bankers Association, said the industry will fight the new proposals, describing them as ‘aggressive regulatory intervention in the marketplace that will result in higher prices and less consumer credit.’

“He said the change ‘basically says that we can't price for risk’ and that if higher risk borrowers don't bear the costs, those costs will be passed along to other consumers.” This is blatantly false – the “other consumers” don’t need to make the loan!

The very significant thing to observe is that the proposed changes do not address the principal evil associated with credit-card debt – compound interest. As long as the lenders can retain that tool, they will continue to enslave the US middle class – correcting all of the abuses listed above will not change this at all. Every month, the US middle class is transferring massive amounts of compound-interest earnings to banks and credit-card companies. This continual drain on the US middle class is totally unnecessary and severely diminishes its quality of life. The same situation applies to third-world debt. Compound interest is the only thing that really matters in the long run. Without it, debt is manageable; with it debt is not manageable. By keeping the middle class in debt, under compound interest, the debt will continue to grow exponentially (until the borrower can no longer pay), and the credit-card companies and other lenders will continue to enslave the borrowers and suck them dry. (Note that in the long run, the fees are irrelevant. All that matters is the compounding.)

Mr. Clayton’s comment that the proposed government regulations will result in higher prices and less consumer credit is a gratuitous joke. If all credit-card debt were eliminated, the middle class would be much better off. (Fifty years ago, credit cards were in very limited use, and certainly not available to the masses. Most consumer-loan debt (for refrigerators, ovens, washing machines, televisions, cars) was held by local merchants, and if someone got into trouble and could not pay, the debt was cancelled. The only long-term debt most families had was a home mortgage, and this was well regulated by the government (low down payment only for well qualified buyers for government-insured loans, 20 percent down payment for commercial-bank loans). The loan was structured to be amortized in 15-30 years at a fixed interest rate and fixed monthly payments (including principal, interest, taxes and insurance (PITI)).)

Examples of the Power of Compound Interest

Compared to the power of compound interest, none of the above measures will cause any change in the ability of moneylenders to enslave borrowers by overwhelming them with debt. The following table shows how a balance of $17,000 will grow under an interest rate of 20 percent, compounded annually (many lenders compound monthly (or even daily or continuously), in which case the debt grows even faster).

Year (n)	Factor	Size of debt after n years, with initial debt amount of $17,000 and an annually compounded interest rate of 20 percent
1	1.2	17,000 x 1.2 = $20,400
2	1.2 x 1.2 = 1.44	17,000 x 1.44 = $24,480
3	1.2 x 1.2 x 1.2 = 1.728	17,000 x 1.728 = $29,376
4	2.0736	$35,251.20
5	2.48832	$42,301.44
10	6.191736422	$105,259.52
20	38.33759992	$651,739.20
30	237.3763138	$4,035,397.34
40	1469.771568	$24,986,116.66
50	9100.43815	$154,707,448.60

The preceding table dramatically illustrates the power of compound interest. After five years, the initial debt of $17,000, if not repaid, has exploded to $42,301.44. At the end of a person's adult life (say, a span of 50 years as an adult), an initial debt of $17,000, if not repaid, would have grown to over $154 million dollars. Who cares about additional fees, when compound interest alone is sufficient to completely overwhelm the debtor? The government's "red herring" proposed legislation is focusing all of the attention on addressing practices that, even if totally eliminated, will have no effect on the final outcome, which is driven by compound interest.

With *simple* interest, the amount of interest owed each year if the loan is not repaid is always same, equal to the annual interest rate times the principal (original loan). In this example, that would be .2 times $17,000, or $3,400, each year. While this is bad enough, after 50 years the total debt would just be $17,000 + 50 x $3,400, or $17,000 + $170,000, or $187,000. This amount, while substantial, is manageable. It is within reason that an individual could conceivably pay it, no matter how long he was unable to repay the original loan. The amount of $154 million, under *compound* interest at the same nominal interest rate, is not. The charging of 154 million dollars for a debt of 17 thousand dollars after 50 years serves no socially useful purpose. Compound interest is a vicious, evil practice. The charging of any interest at all was originally proscribed by all three Abrahamic religions (Judaism, Christianity, Islam), but Judaism and Christianity now allow it.) Why modern Christianity approves this practice is beyond comprehension. Christianity asserts that it is against slavery, when in fact it is not.

Christianity, if it served the poor rather than the rich, would take a stand against usury and return to its original position. It is impossible not to include compound interest within *any* reasonable definition of usury. Indeed, Christianity of today – the handmaiden of capitalism – never addresses this insidious practice, and works actively in this and other ways to promote globalization (e.g., in its efforts in support of illegal immigration).

One of the fascinating features of compound interest is that the time period required to double the amount of interest is a constant, depending only on the interest rate. For a compound interest rate of 20 percent, the "doubling time" is 3.80 years. (An approximate formula for determining doubling times is the so-called "rule of 78": the doubling time for a compound interest rate of r percent is approximately equal to 78/r. For example, if r = 20, then the doubling time is 78/r = 78/20 = 3.9, which is close to the correct value of 3.80.) In the physical world, it is not possible to double things very many times. The following table shows the amount obtained after a specified number of doublings.

Number of Doublings	Amount
0	1 (the initial amount)
1	2
2	4
3	8
4	16
5	32
6	64
7	128
8	256
16	65536
24	1677216
32	4294967296
40	1.0995 x 10^12
48	2.8147 x 10^14
56	7.2058 x 10^16
64	1.8447 x 10^19

The notation 10^n used in the table denotes ten raised to the power n. For example, the last entry, 1.8447 x 10^19 denotes the number 1.8447 times 1 followed by 19 zeros, or 18,447,000,000,000,000,000, or over 18 quintillion. This is a very large number! There is an Indian legend about a rajah who was tricked by unwittingly agreeing to give a subject one grain of rice for the first square of a checkerboard and doubling the amount for each successive square (i.e., two grains for the second square, four grains for the third square, etc.). The rajah quickly learns, to his consternation and dismay, that there is not sufficient rice in all the world to accomplish this. In one version of the legend, the rajah has agreed to give the hand of his daughter in marriage to the person who tricked him. In another version (David Barry's The Rajah's Rice, W. H. Freeman, 1994), the rajah offers to give the calculated amount of rice back to the people. The point to this fable is that it the process of doubling leads to astronomical amounts very quickly, and cannot continue for long (very many times). This is the power of compound interest (or any other exponential-growth process). At the compound interest rate of 20 percent (a typical rate for credit cards), the doubling time is approximately 3.8 years. In fifty years, there are approximately 50/3.8 = 13 doublings, to 8192 times the original amount (the exact number is 9100). Compound interest quickly leads to extremely large amounts.

The fact that exponential processes such as compound interest double in a fixed period of time means that they "explode" very quickly. Explosions do not last very long – once an exponential process starts to approach the limit imposed by a finite world, the "end" is over very quickly. Many people do not appreciate just how fast exponential processes come to an end. Lester

Brown illustrated this well in the title of a book that he wrote, The Twenty-Ninth Day. The question he posed is, "If algae starts to grow in a pond exponentially, with a doubling time of one day, and the pond is half-filled with algae after 29 days, how much longer will it be before the pond is filled with algae?" Without thinking, many people intuitively respond, "Another 29 days." But the correct answer is obviously one day. It seems that the human mind instinctively avoids accepting an exponential-growth process, as being "unnatural." While there are many natural processes that grow exponentially for a short time, in a finite world they all terminate quickly. This is often very desirable, such as in the case of a decomposing animal or the fermentation of wine or beer – we don't have long to wait until the dead animal is gone, or the wine is ready to drink. Unfortunately for mankind, however, it has based modern global civilization fundamentally on exponential growth, and so it of necessity will fail very quickly. As we will discuss later in detail, the world's economic system (growth-based economics) is based on exponential processes (compound interest, debt-based money). This system is now starting to show signs of stress: financial markets are becoming very volatile and the biosphere is showing increasing evidence of collapse. Bailouts of large banks are occurring. The end of this system is *very* near.

(The above "doubling" table applies to any interest rate and any principal amount. For example, at the compound interest rate of 20 percent, the doubling time is 3.8 years, so each successive row in the table corresponds to an additional 3.8 years of the loan term. In the table, the initial amount has arbitrarily been set to 1, so that the successive entries in the Amount column represent factors indicating by how much the original debt / loan increases for each successive doubling. For example, for a debt / loan amount of $17,000, simply multiply each table entry in the Amount column by $17,000. To determine the debt amount in this example after three doublings, for example, simply multiply the factor given in the Amount column for three doublings (8) times the original debt amount. In this example ($17,000 at 20 percent compound interest rate), the debt amount after three doublings (3 x 3.8 years = 11.4 years) is 8 times the original amount, or 8 x $17,000 = $136,000.)

Compound Interest Growth Is Like Cancer, and the US Government Endorses It

Compound interest is an insidious trap. Almost no one can imagine the massive debt that can quickly arise from compound interest. It should absolutely be proscribed under any humanitarian form of government or religion. To agree to a loan based on compound interest is playing with fire. It is a principal tool of the corporatists for enslaving unwary individuals and countries. They induce the poor to take out loans that they cannot afford. They offer them incredible inducements to accept compound-interest loans, such as no money down, no interest payments for several years, adjustable-rate mortgages ("ARMs") with seductive initial terms and free gifts (such as, in my neighborhood, large-screen digital televisions and home appliances) just to get the "hook" in. As soon as the debt is contracted, the spider has trapped the unwitting fly, and compound interest starts to work, like an insidious cancer. Don't do it! Just say no!

If the US government cared about the welfare of its citizens, it would outlaw the charging of compound interest and require the refunding of all compound interest paid to date (or, which would be more practical, simply cancel all outstanding credit-card debt). It would move to prohibit interest rates or loan terms that can result in interest amounts that exceed the principal amount during the expected lifetime of the borrower. Sadly, the government no longer serves the people, and it will never consider such actions. Compound interest is the most powerful tool for transferring wealth from the poor (individuals and countries) to the rich, and the US government will never move to eliminate it. The debt that the US middle class and third-world countries have was foisted upon them by greedy bankers and other moneylenders making

endless exhortations and inducements to accept credit. Many of these individuals and countries are poor or struggling financially, and cannot possibly manage compound-interest debt – it was just a matter of time until they were overwhelmed by it. Compound interest is the linchpin, the keystone of the wealthy in their scheme for enslaving the poor and sucking them dry. It is a pernicious and deceptive practice that eventually enslaves most borrowers who, in difficult times, succumb to the relentless solicitations to accept credit-card and other consumer-credit loans.

The Wealthy Elite Can Escape the Trap of Compound Interest

The wealthy elite, who can manage debt and can avoid personal responsibility for the debt of their business enterprises (through incorporation or government "bailouts"), are not concerned with compound interest as a danger to their well being. As long as the interest is paid promptly (at the same frequency as the rate of compounding), the debt does not grow exponentially – the amount of compound interest is the same as the amount of simple interest (at the same nominal rate), if the interest is paid off as it accrues. The wealthy are the lenders, not the borrowers. Even the small businessman who borrows tends to be a recipient of the benefits of compound interest through his consumer loans to customers (unless he sells the debt to someone else). For the skilled businessman who borrows for business purposes, compound interest and simple interest work about the same, since the loan is promptly repaid. Furthermore, the wealthy normally conduct business through limited-liability corporations, which can be dissolved if they go bankrupt, with no losses to the owners. (Non-wealthy owners of small corporations must back the corporation's loans with personal guarantees.) The insidious effects of compound interest become manifest only when someone cannot repay (i.e., owes an "unpaid balance," and pays the "minimum amount due"), at which time the debt begins to explode. It is a ticking time bomb, ready to destroy and enslave the unwary, such as the poor or middle class who are induced to assume compound-interest debt by the unscrupulous moneylenders who use this tool (and in today's nonIslamic society, that is all of them).

Why would the government allow (much less endorse and promote) a system that leads to enslavement of the poor through insurmountable debt? For people who can manage debt, simple interest and compound interest are not much different. For people who cannot, compound interest is a terrible trap – a catastrophe waiting to happen and is likely to happen. It is a treacherous trap intended to destroy anyone who gets in debt over his head – individuals or third-world countries. President Bush has declared that he does not want to help or "bail out" people who made imprudent or unwise financial decisions, such as the millions who purchased homes (under compound interest, with incredible inducements such as adjustable-rate mortgages (ARMs), with two- or three-year "teaser" rates)) that they could not afford on the assumption that home prices would continue to rise. But why would he support a system that destroys anyone who gets in over his head? One slip (an illness, an accident, a lost job, a family crisis) and the interest explodes, and you are wiped out. If compound-interest debt gets out of control (which is quite easy at a 20 percent nominal compound interest rate, especially for lower-income people who have been seduced into debt), at 20 percent nominal compound interest rate it quickly becomes impossible to pay it off.

The only people who agreed to ARMs with interest-only payments at the beginning were "subprime" borrowers who could not qualify for conventional (fixed-interest rate) loans. If they could not afford the terms of a conventional loan, they surely cannot afford an ARM loan as soon as the interest payments begin (since the interest will exceed those of a conventional loan). The only way the ARM loan can be handled is in a housing market of ever-increasing prices. And in our world of "free-market capitalism," this never happens – economic expansions

and contractions always occur. In our economic system, ARMs are virtually certain to end in default.

Returning to the table presented earlier, what possible rationale can there be for an interest charge of 154 million dollars on a loan of $17,000 for 50 years? Certainly none that promotes social harmony. The only reason for allowing the use of compound interest is to ensure the financial destruction of anyone who becomes unable to pay the loan off. The only reason why the US government endorses compound interest is that it *wants* banks and other moneylenders to enslave poorer individuals and countries. Compound interest is a system *designed* to destroy and enslave anyone who gets in debt over his head. It is predatory and punitive – how else can you describe an interest system that balloons the size of a $17,000 debt to $154 million dollars in 50 years? Compound interest is like cancer. It grows exponentially and destroys. Poor people who are induced to take on compound-interest loans are like moths drawn to a flame – they cannot resist offers of credit (since they are always living from paycheck to paycheck, and financial emergencies will always occur), and they perish quickly. The US government is a vile promoter of this pernicious practice. If it cared for the American people, it would abolish compound interest, which serves no purpose other than to enslave the poor in hopeless debt.

(The government's policy of promoting of compound interest is very similar to its policy of promoting of miracle drugs at prices that people cannot possibly afford. People will do *anything* that they can to extend their lives or reduce pain and suffering, but they cannot possible afford many of the new drugs. As a result, the government pays for most of them, by transferring tax revenues from the middle class to the medical establishment. The ubiquitous inducements to accept compound-interest loans and television commercials touting wonder drugs are very similar – they are both programs designed to enslave the middle class in debt, and transfer much of their income to the wealthy elite.)

(The debt-based money system puts tremendous pressure on banks to extend loans. Without loans, there is no money, and no income for bankers. A deposit made to a bank is in fact represented as a liability on its books, and a loan is represented as an asset. Banks cannot bear to have unloaned deposits. That is the reason why so many bad loans were made by international banks to noncreditworthy countries following the OPEC oil price increase of 1974. The Arabs deposited their massive amounts of newly acquired wealth in international banks, which were then under great pressure to lend the money out.)

The Dynamic Duo: Debt-Based Money and Compound Interest

Debt-based money is destroying the biosphere, and compound interest is enslaving poor individuals and countries. With these two schemes, bankers are destroying the world – both the natural world and civil society. These schemes operate under government aegis – the government authorizes the banks' creation of the money that represents debt, passes laws that allow compound interest, and enforces payment. In earlier times, governments allowed the keeping of human slaves and colonies. Today, individuals and third-world countries are enslaved by compound-interest loans that they are induced to take and cannot handle. Slavery is alive and well today. Today's economic slavery is every bit as oppressive as the slavery of yesteryear.

The US government bends over backwards to keep the system running. If problems arise, the government "fix" is always in favor of the rich, to keep the system running and the wealth flowing from the poor (individuals or countries) to the rich. Examples of this are the savings-and-loan crisis, the bailout of Long Term Capital Management, and the current mortgage crisis. All of the

bailouts in these failures are for big business, and they are all paid for using taxes, most of which are collected from the middle class. The government caused the current mortgage crisis, by promoting the extension of no-money-down mortgages to people who could not possibly afford them (under the system of "debt-based money," more debt means more money, and a growing economy). When the system started to collapse, e.g., with the collapse of Bear Stearns, the government rushed to bail out the lender, Bear Stearns (with a guarantee of up to 200 billion dollars to J P Morgan to purchase Bear Stearns and prevent its failure), but not a penny for the borrowers, the home mortgage holders. In the quintessence of cynicism, the government declared that "market forces" should be allowed to "take care of" the individual home owners (who lose their homes, and may still be stuck with the mortgage), but not the moneylenders. The government takes care of them. The US government is now for the rich, not for the people. President Bush reaffirmed this in his comments that the government was not going to rescue homeowners who made bad decisions. Of course not! – he wants to spend all of the bailout money for the bankers who made bad decisions. Of course, the bankers really didn't make bad decisions at all – they deliberately made bad loans in full knowledge that the government would bail them out using taxpayer money, just as it did previously in the S&L scandal.

While difficult conditions have been the lot of the average person since the dawn of civilization, what is different now is that that the masses have great freedom (opportunity) and means (knowledge, technology, communications, weapons of mass destruction) to attack and destroy their masters. The government has provided weapons to the rabble. At the founding of the country, the masses had no motive to turn against their masters – their masters were founding a government "of, by and for the people." Today's government now serves the wealthy elite, and has turned against the middle class. In the past, the US middle class possessed the means and opportunity to overthrow the rulers, but they did not have a motive, since the government served them. This situation has changed radically in recent times, to the point where the US middle class now has strong motives to turn against the governing class: the government no longer serves the middle class; the government has introduced policies (mass immigration, massive international free trade, and open borders) to destroy the quality of life of the middle class; and, with the passing of Peak Oil, there is no hope for a better or even a good future for themselves or their children. Means, motive and opportunity – the stage is set for a revolution.

Hume's Paradox

In his The Prosperous Few and the Restless Many (1993), Noam Chomsky describes "Hume's Paradox." "…the general population has lots of cards. That's something that David Hume pointed out a couple of centuries ago. In his work on political theory, he describes the paradox that, in any society, the population submits to the rulers, even though force is always in the hands of the governed. Ultimately the governors, the rulers, can only rule if they control opinion – no matter how many guns they have. This is true of the most despotic societies and the most free, he wrote. If the general population won't accept things, the rulers are finished." In earlier times, religion was a primary tool for enforcing control of the leader over the population ("divine right of kings"). Today, the major tool of government is debt (with religion playing a supportive role, in view of its abandonment of a stand against usury). As the burden of debt on Americans increases to intolerable levels, the level of freedom and the quality of life is plummeting. The current system that is America is a rotten, corrupt system that is not at all what the founders established. It is just a matter of time until the American people realize that the system is designed to put them deep into debt, to keep them in debt, and to perpetually transfer as much wealth as possible from them to the rich. At that point they will rebel. If you are in debt, you are

not free. If you are hopelessly in debt, and the system created this problem, and the system will not let you escape, then there is only one alternative – destroy the system.

(This same logic applies to third-world countries. Through the global currency and banking system (debt-based money, compound interest), the developed nations have burdened the third world with massive debt, from which they can never recover. The leaders make the debt, and the people pay the price. From time to time, a country reneges on its loans, at which time the international banks forgive just enough debt to keep the country in business, and its poor paying the rich banks forever. How long will the world's poor put up with this corrupt, evil system, this devil's bargain between their leaders and the international banks? Probably until the oil starts to run out – just about now.)

Decline in Freedom

Loss of Free Space

Many things that were once free are no longer available except at a high price. Economics commoditizes everything. The average man has lost much of his freedom. The only way that most people can enjoy the natural satisfactions and pleasures of life now is to earn large amounts of money from the industrial society and purchase them. Open, natural, free space is no longer available for most Americans on a regular basis, if at all. Most of a person's life will hence be invested in performing meaningless work in a crowded industrial environment to enjoy a few moments of simulated freedom ("vacation"). There is no escape, since the planet is now totally populated by human society and overcrowded. The only way out is complete destruction of the political, economic, religious and industrial system that has made a living hell out of human existence for most of the world's population and threatens to bring about the extinction of most species, including mankind.

On the topic of freedom, it is relevant to recall a quote from Edward Abbey (cited in Christopher Manes' Green Rage): "If we can draw the line against the industrial machine in America, and make it hold, then perhaps in the decades to come we can gradually force industrialism underground, where it belongs….Why settle for less? And why give up our wilderness? What good is a Bill of Rights that does not include our right to play, to wander, to explore, the right to stillness and solitude, to discovery and physical freedom?"

It should be recognized that although the average American is losing his historic freedoms, he still has a higher level of freedom than human beings have had for almost all of human history. His loss of freedom is relative – his freedom is declining relative to that of his parents and grandparents, but it is in fact still very high. Everything is relative, however, and today's middle class see their level of freedom declining relative to that of their immediate ancestors.

Loss of Freedom from Crime

One simple freedom that the average American has lost is the ability to walk around his own town at any hour, without fear of being assaulted. Canadians have lost the right to free speech – anyone convicted of "Holocaust denial" will be imprisoned (or killed, if you resist). Loss of personal security is not a concern for the government, since crime increases gross domestic product (via the increased production required to replace stolen or destroyed property, the cost of security service, and the cost of medical treatment).

Because our society is becoming so crowded, the dysfunctional ills that are associated with overcrowding are increasing. As a result, violence is rising. Consequently, the government continues to place restrictions on the ownership of guns. It is just a matter of time until US citizens lose the right to own guns entirely. The irony of this is that the government is ostensibly taking this action to protect the citizens from violence. The citizen will, at that point, be defenseless to protect himself in a violent society that has been spawned by the population policies of the government.

Because the government has promoted mass immigration and open borders, the Islamic extremists who pose the current major threat to US security are allowed to roam free within the US and on airplanes. Sixty years ago, it was relatively easy to spot a foreigner, since there were very few of them in the US. Now, it is still easy to spot someone from an alien culture, but the government has passed laws making it illegal to act on this information ("profiling"), for fear that citizens' rights might be infringed on. As a result, everyone is now a suspect – strangers in their own land – and subjected to the same security checks. The application of Bayes' rule to profile terrorists is prohibited. All of the traditional-culture Americans are now subjected to security checks at airports and other public places. The average American has lost his freedom to board a plane without the major hassle of intrusive security checks, simply because his government has flooded the country with people from foreign cultures. This suits the government fine, since the construction, operation and maintenance of onerous security systems generates much wealth for the wealthy elite.

Loss of Free Time

Because of mass immigration and overcrowding, many US workers face very long and expensive commutes to work. This was not true sixty years ago, when the country had two-thirds the population that it now has. Because of massive population growth and overcrowding, the price of housing has been pushed to astronomical levels – the median price of a modest home near Los Angeles or San Francisco is now about a half-million dollars. This is out of reach for most people. The massive increase in the price of housing and commute times are almost solely due to mass immigration and overcrowding. Middle class workers have lost many freedoms and opportunities because of the government's policy of mass immigration, such as free time (now that both parents must work outside the home and make long commutes); qualification for many jobs (now that Spanish is required for many); enjoyment of nature close to home; owning a nearby country cottage; eating fish from many lakes; access to reasonable-cost medical care; freedom to breathe unpolluted air; the freedom to serve, to sell to whomever one wants; and the comfort of living among and associating with one's own culture.

Loss of Freedom from Hassle

The loss of freedom in our everyday lives is really apparent to a person of my age (66). I was in the Chicago O'Hare Airport recently, and I stopped in an airport restaurant (the O'Hare Bar and Grill) for lunch. I ordered a beer, at which point the waiter asked to see some form of identification, such as a driver's license or a passport. I refused, saying that this was ridiculous. I am 66, have gray hair, and there is no waiter in the world who could possible think that I am under 18 or 21 (whatever the drinking age is in Illinois). I asked him how old I thought I was. He guessed 50. I was not sure whether I should be flattered because he thought I really looked 50, or whether he was simply a poor judge of age. He told me that he was just following the rules, and that he could not serve alcohol to anyone without demanding and seeing documented

proof of age. I told him that I was unwilling to play this silly game, and I had no beer with lunch that day.

De Tocqueville's Astute Observation on Freedom

In his book, Liberal Fascism (2007), Jonah Goldberg makes the point that while freedom may be restricted by the state in "large" areas, it is very important to allow much freedom in "little" things. (He quotes from Alexis de Tocqueville's Democracy in America, "It must not be forgotten that it is especially dangerous to enslave men in the minor details of life. For my own part, I should be inclined to think that freedom is less necessary in great things than in little ones.") I don't mind being told that I must have a passport to re-enter the US without a hassle, but I really resent being told, at age 66, that I cannot order a beer with lunch until I provide documentary evidence of my age. It is galling that paper documents are more important than my word. This is just one more piece of evidence that our society is unstable, disintegrating, oppressive and no longer civil. As Joseph Tainter observed, societies tend to become more and more complex, until they collapse because of the complexity. I must now show a government-issued ID to purchase a beer with my meal in Chicago. How sad, and how revealing.

It is nice that the world is not totally under fascist control to the point where personal freedoms are tightly restricted. When I arrived in Monrovia, Liberia (via Brussels, after leaving Chicago), I handed the hotel desk clerk a security wallet (containing a credit card and over a thousand dollars – over two thousand on my earlier trip) for him to place in the hotel safe. I asked, "Do I need a receipt?" He responded, "No, of course not, we know you." How refreshing that a man's word is his bond, and that there was trust that when I claimed my wallet, my spoken word was all that was needed. Because of mass immigration and the resulting social instability, this level of personal trust has disappeared in the US. Everything must be documented, even down to the level of ordering a beer with lunch. When I was in Haiti some years ago, I checked into a small hotel in the town of Jacmel. There was no lock on my room door – no lock, no key, no deadbolt, no chain – just a simple doorknob. I asked the lady who was showing me to my room about this. She laughed, and told me that there was no need for a lock on my door. There wasn't. Life in a stable society is comforting.

Loss of Freedom from Confiscation of Property without Due Process

Since the establishment of the personal income tax in 1913, the government has made good use of the "Tax Court," which can strip US citizens of their property without due process. A friend of mine recently had his property confiscated without due process over a tax dispute. The government sent him a notice that he owed $5,000 in taxes. He did not, and so he refused to pay. The government then proceeded to freeze his bank account and take the $5,000. His bank account was not accessible until the government had confiscated the demanded amount. With respect to tax disputes, the burden of proof is on the individual – you are assumed guilty until you prove your innocence. Do you keep your money in a bank? If you do, you had better plan for a contingency plan for the day on which the government freezes your bank account and you have no access to your funds until you do as it says. See former Congressman George Hansen's book, To Harass Our People: The IRS and Government Abuse of Power (1985), for a lot more on government abuse of power.

Alienation of the US People from the Government

Over the past century, a major shift has occurred in the relationship between the US government and the US middle class. This section discusses this change in some detail. The section is divided into a number of subsections presented in approximate order of importance. The discussion is not intended to be comprehensive, but simply to highlight a number of major areas.

This section identifies a number of ways in which the quality of life has been impaired for the US middle class by US government policies. Since government policies have had a dramatic effect on diminishing the quality of life in many different areas, many of the topics mentioned in this section are also addressed in other sections, in a more general sense (relating to the decline of the US, but independent of their effect on alienation from the US government).

A considerable portion of this section deals with the subject of mass immigration. The reason for this is that mass immigration (legal or illegal) has been the principal cause of many of the ills facing the US, and is a primary reason for its imminent collapse. Many works have been written on this topic, and the references cited at the end of the book represent but a small fraction of the total literature on this topic. The subject is a fascinating one because most Americans do not want mass immigration and recognize it as the major factor contributing to the decline in their quality of life, yet the US government has persisted for decades in cramming it down their throats. (Mass immigration may be viewed simply as an aspect of globalization, or it may be considered separately as a part of the larger problem of destruction of US environment, culture and quality of life of the US middle class.)

The US Government No Longer Obeys Its Own Laws

The US Government Refuses to Obey the Constitution's Mandate to Defend the Country from Invasion

The US government no longer obeys its own laws. It picks and chooses which ones it wants to enforce. This is not just a minor infringement, such as ignoring fraternity-house drinking, or failing to collect sales taxes from a neighborhood garage sale, or failing to enforce "no-loitering" signs. It is a flagrant, blatant violation of fundamental laws and responsibilities. The major example of this is massive illegal immigration, which is destroying the quality of life of the middle class and the country's security. Illegal immigration is *illegal* – against the law – but the US government chooses not to enforce this law. In fact, many of its policies encourage and promote continued and increased illegal immigration. The US president takes an oath to uphold the US Constitution and defend the country from invasion. He is bound by oath to prevent the invasion of illegal aliens, but he does nothing. The current US president, George W. Bush, is guilty of treason in his inactions and actions with respect to illegal immigration. He could immediately stop virtually all illegal immigration in a week or so by taking any number of measures, such as by placing machine guns along our southern border with Mexico. Instead, he does nothing. He refuses to enforce laws against illegal immigration, he condones giving social and economic benefits to illegal aliens, he supports the jailing of border patrol agents who are effective in doing their jobs, he supports birthright citizenship for babies born to criminal alien invaders of our country, and he supports giving illegal aliens amnesty and a "path to citizenship."

It is not just George W. Bush who, as US president, has condoned, supported and encouraged mass illegal immigration, but every president since Dwight D. Eisenhower. It is not just the US presidents who support illegal immigration, but also most members of Congress. Our recent presidents and congressional leaders have condoned the invasion of the United States by millions of illegal aliens. An estimated 12 to 20 million illegal aliens now reside in the US, plus millions more of their birthright-citizenship children. This is a massive invasion. It is destroying the culture and the country. And the US president and most political leaders condone it or actively support it.

The US Government Aids and Abets Illegal Aliens

Recently, former-Governor Eliot Spitzer of New York attempted to give New York driver's licenses to illegal aliens. This is completely illegal, since it aids and abets the staying of illegal aliens in the US. The federal government took no steps to stop him or even oppose him. Once again, the motive for this move was money. At the present time, businesses cannot use illegal-alien drivers for their vehicles, since standard automobile insurance does not cover them. But if the illegal aliens are issued driver's licenses by the state, then insurance claims cannot be denied by the insurance companies for accidents caused by illegal-alien drivers. As is the case in many other sectors of the economy, the government is placing US middle class citizens in direct competition with foreigners earning a fraction of their wages. Spitzer's attempt to grant driver's licenses to illegal aliens was not only blatantly illegal, but it would also have caused serious economic harm to US citizens who are professional drivers. It could have led to massive voter fraud, since a driver's license is now accepted in many instances as proof of residency (following passage of "motor-voter" laws by many states). Apart from being of direct benefit to illegal aliens, including terrorists, it benefits only the wealthy elite.

The economic harm that would have been caused to US citizens was bad enough, but that would have been a minor cost compared to the fact that the governor of New York was flaunting the law in aiding and abetting illegal aliens, and the federal government was quite complicit in his actions. Our leaders (political, religious and other) are in thrall to the wealthy elite and want illegal aliens to stay in the US. They want to continue to provide them social and economic benefits (paid for mainly by the US middle class), birthright citizenship for their children born in the US, amnesty for their crime, and a path to US citizenship. Illegal aliens cause much economic harm to US citizens, who must compete with their low wages. They cause much harm to the quality of life of US citizens, through overcrowding and the destruction of natural land caused to create space and provide infrastructure for them. Each year, illegal aliens kill more US citizens (by murder and accidents) than US soldiers die in the war in Iraq.

Spitzer pressed hard for driver's licenses for illegal aliens, and the US government did nothing to deter him. Public anger grew over this outrage, however, to the point where the governor eventually had to back down. An important voice in bringing attention to this issue and continuing to focus on it was Lou Dobbs, on his television program CNN's Lou Dobbs Tonight.

In its campaign in support of more illegal immigration, the government tells many lies, promotes many deceptions, and engages in many subterfuges. One of Spitzer's deceptions was that the roads would be safer if illegal aliens were licensed. This is so misleading! In his assertion, he is implicitly assuming the premise that the illegal aliens should be here. The roads would be far safer if the illegal aliens were simply deported, as, under the law, they should be! If the illegal aliens were not present, the issue of granting lenses to them would be irrelevant. Considering the issuance of driver's licenses to illegal aliens is absurd. Can you imagine how many other countries in the world are considering this issue? None! In the eyes of the world's nations, the

US a bizarre laughing stock for allowing this to happen – the US people, that is, whose culture, environment and quality of life are being destroyed – not the US government, which is willingly throwing all of this away in its quest to serve the wealthy elite. (See Peter Brimelow's Alien Nation (1995) for more on this.)

It was recently reported (CNN's Lou Dobbs Tonight, 7 April 2008) that law enforcement personnel in Arizona have a policy of releasing illegal-alien drug smugglers caught with less than 500 pounds of illegal drugs in their possession. It was reported that, under this policy, 99.6 percent of all drug smugglers are released – a prosecution rate of .4 percent! Once again, the government is simply refusing to enforce the country's laws. Can you imagine – all this in the face of the imprisonment of two Border Patrol agents on the testimony of an illegal-alien drug smuggler, and President Bush's stubborn refusal to pardon the imprisoned agents. The criminalization of drugs and the resultant "war on drugs" generates massive amounts of economic activity, and the government works hard to keep it alive and well.

If the world situation had instantly changed dramatically, you might expect that, in an emergency or knee-jerk reaction the government might temporarily fail to enforce some laws. But the blatant refusal of the government to enforce immigration laws has been going on for decades on a massive scale. The most serious aspect of it is that it is being done solely for the benefit of the wealthy elite who run the country, at the expense of the middle class. The quality of life for the rich continues to rise, as they become ever more wealthy, and the quality of life for the American middle class is being destroyed as a direct result. The most important wealth that the US middle class possessed was a low population density in a land abundant in natural beauty. The joy from that wealth – the land and nature – could have lasted for eons. But it is now largely gone, and frequent enjoyment of it is out of reach of the average citizen. The US government and the wealthy who control it have destroyed this for the US middle class.

Civil Rights and Affirmative Action; Malcolm X

Some History of Affirmative Action (Racial Preferences)

In 1964 the US government passed comprehensive civil rights legislation. In the years that followed, it passed an elaborate and oppressive system of "affirmative action," or "positive," or "reverse" discrimination. The objective of this legislation was to give blacks an advantage to "make up for" the oppression and discrimination that they or their ancestors had experienced in the US over the past centuries. At first, the concept was to provide ***equal opportunity*** for the blacks (and other minorities, as the law was extended to include about every group except able white heterosexual males). As time passed, it became clear that ***equality of opportunity*** did not translate into ***equality of outcome***, which is in fact what the government wanted. When it turned out that blacks made limited progress under the "equal opportunity" concept, the system was changed to a ***de facto*** quota system – if a firm did not have proportional representation of minorities, this situation was taken as ***prima facie*** evidence of discrimination – the firm is guilty until proved innocent. At that point, whites saw a noticeable number of jobs, contracts and college admissions being awarded to minorities, including some who were less able, and resentment mounted.

When affirmative action began, the largest minority in the country was blacks, and they represented about ten percent of the population. Affirmative action had the immediate effect of alienating 90 percent of the population, to provide special privileges to ten percent. Because of

the small numbers of blacks, however, this situation was “manageable.” Under mass immigration, however, the proportion of minorities began to swell. Hispanics, Asians, Native Americans and other groups were included in the definition of protected minorities. When females were defined to be “minorities” for the purpose of affirmative action, white males became a small minority themselves, forced to “stand in line” behind all others. The system of affirmative action caused massive resentment, and among the country’s most able – and aggressive – class.

Today, while the economic picture has improved dramatically for blacks, they still lag behind whites in income and wealth. (As Noam Chomsky has pointed out (in The Prosperous Few and the Restless Many (1993)), much of the “racial” difference is in fact attributable to class differences, but it is not politically correct to acknowledge class differences in the United States.) Despite almost half a century of affirmative action, blacks have still not achieved parity, and the government’s program of reverse discrimination continues. They stand out among all other racially or ethnically defined minority groups, such as Jews and Asians, in this respect. An unfortunate aspect of this is that they assert that their continued inability to achieve parity, even after two generations of affirmative action, is due to racism and racial discrimination. Senator Barack Obama’s recent speech (March 18, 2008) on racism in America added fuel to the fire. After a half century of standing aside to provide special privileges to blacks, white America is fed up. It does not want to hear continued whining about racism, when the US government has discriminated against the once-dominant majority (white males) for half a century. Enough is enough.

The United States was not founded for blacks, Asians, Hispanics, French, Catholics, Jews, Moslems, Asians or any other minority. It was founded by and for white Anglo-Saxon Protestants. As Chomsky observed (op. cit.), “Thomas Jefferson’s goal, at the very left-liberal end of the spectrum, was to create a country ‘free of blot or mixture’ – meaning no red Indians, no black people, just good white Anglo-Saxons. That’s what the liberals wanted. They didn’t succeed. They did pretty much get rid of the native population – they almost succeeded in ‘exterminating’ them (as they put it in those days) – but they couldn’t get rid of the black population, and over time they’ve had to incorporate them in some fashion into society.” The white citizens of the United States have done much to accommodate other minorities. They abolished slavery. They have given them equal representation in Congress. They have gone to great lengths to include them in the economy. They have granted minorities special privileges and grants-in-aid that are not available to themselves. As the controlling majority in a country founded by their ancestors, they did not have to do any of these things. No one held a gun to their heads. They were gracious to do so. It is high time for the whining to stop.

US blacks have not fought for their freedom. They did not force whites to set them free, and the “fight” for black civil rights was in fact a peaceful supplication (nonviolent protest / demonstration). Haiti’s blacks rebelled in the early 1800’s and slaughtered their former masters, the white plantation owners. Their former masters had no choice in granting the slaves’ freedom – the slaves took it. Their freedom was gained on the field of battle, and was unequivocally earned. The message from this history that anyone who tries to take their freedom away will be killed. The Mau Maus in Kenya acted similarly – they slaughtered their white masters until they got fed up and relinquished control or left. US blacks, in contrast, did not gain their freedom from slavery by their own efforts or will, but were granted freedom by the whites. The US blacks gained their freedom not from their own combat, but from whites fighting whites in the US’ bloodiest war – the War Between the States – in which a million citizens died. Because they did not establish their freedom by forcing their former masters to set them free, they will never feel free. They can take pride in many things, including their suffering and

endurance, and they can take pride in the fact that their race has survived for a million years, but they cannot take pride in having been granted freedom instead of taking it. (At some point, they may take pride in inheriting the Earth – along with the Jews? the Russians? the Synarchists?) If you take your freedom by force, your former master will respect you. If he grants you your freedom, he will always remember that you are free by his choice, not by your will, power, or action. You will never have significant respect, either from your former master or from anyone else.

When I worked in Zambia a few years ago, the local people took pride in the fact that their ancestors successfully resisted Shaka's Zulus, in the latter's war of conquest in the nineteenth century. This is a defining characteristic of their culture. They make sure that you know it. The descendents of Shaka's Zulus make sure that you know that they defeated the British in the first major engagement. In today's pacifist world people may speak disapprovingly of war, but all peoples take pride in the courage and battles of their ancestors.

The key to respect is being willing to kill and to die to acquire and defend your freedom. It does not necessarily have to be on the battlefield, but this is an unequivocal way of establishing your will and ability. The Jews conquered America by cunning without the use of arms (which would have been ineffective), but they are demonstrably willing to kill and to die for their cause (Zionism). Their approach was very effective, and they can take pride in their accomplishment. They wanted Palestine and they took it. They needed the US to further their cause and defend it, and so they conquered it, too. They do not beg for their homeland – they kill for it. (While I have admiration for their Machiavellian ways, I have contempt for their hypocrisy. They have no problem in visiting genocide on others – a practice which is enshrined in their holy books – but they whine when genocide is visited upon them, as in Hitler's Germany. What is sauce for the goose is sauce for the gander. They founded the modern state of Israel using the tools of assassination, terrorism and ethnic cleansing but they complain bitterly of the use of terrorism by others against them. They make use of assassination and apartheid as tools to further their state, yet they cry "foul" at the use of these tools by others against them. They pressed for mass immigration from all cultures into the US (the Immigration Act of 1965), but adamantly refuse to allow mass migration of non-Jews to Israel (or allow any level of migration of non-Jews to Israel).) (See references in the section on Fractionated Culture.)

Malcolm X's Views on Affirmative Action

In the twentieth century, US blacks gained additional civil rights by passive means, under the leadership of Martin Luther King, Jr. Malcolm X had a lot to say about this approach. The following quotations are from Malcolm X's speeches from the recording (tape cassette and compact disk) *Malcolm X: An NPR® Presentation* (P) 1992 by Dove Audio, 301 North Canon Drive, Beverly Hills, CA 90210).

"No Negro leaders have fought for civil rights. They have begged for civil rights. They have begged the white man for civil rights. They have begged the white man for freedom. And any time you beg another man to set you free, you will never be free. Freedom is something that you have to do for yourselves. And until the American Negro lets the white man know that we are really really ready and willing to pay the price that is necessary for freedom, our people will always be walking around here second-class citizens, or what you call twentieth-century slaves."

"It's not so good to refer to what you are going to do as a sit-in. That right there castrates you. Right there it brings you down. What goes with it? Think of the image of someone sitting. An

old woman can sit. An old man can sit. A chump can sit. A coward can sit. Anything can sit. Well, you and I have been sitting long enough, and it's time today for us to start doing some standing, and some fighting to back that up."

"This is part of what's wrong with you. You do too much singing. Today it's time to stop singing and start swinging. There'll be a hot time in the old town, with regret, with great regret…. It looks like it might be the year of the ballot or the bullet."

Malcolm X realized that a culture can never be truly free, be unequivocally proud of its heritage, and command general respect unless its ancestors earned their freedom on the field of battle. If someone "gives" you your freedom, it is assumed that he can just as well take it away, and you are not free at all. You are free by the grace of your former master, and at best, you are "conditionally" free – apparently free, but not unequivocally free. But other US Negroes did not want to hear this, and so they killed Malcolm X. He was the most charismatic, powerful, on-the-mark Negro leader ever to emerge in the US, and he was gunned down by his own people (or would it be more correct to say by black Islamists?).

Americans are chagrined at hearing charges of discrimination and racism from American blacks, who have been the beneficiaries of reverse discrimination – economic and political largesse – for over four decades. Two full generations of US blacks have been given tremendous opportunity and assists, and yet some of their leaders continue to complain of their shoddy treatment of yesterday and poor station of today. One cannot help but notice that some other nonwhite minorities, such as Jews and Asians, have done just fine, with or without affirmative action, and despite earlier oppression (e.g., the use of Chinese coolies to construct the US railroad system). Perhaps it is time for black leaders to start pointing a finger at current black culture, or at continued participation in an emasculating and family-destroying affirmative action program, as possible reasons why US blacks as a whole continue to fare poorly after decades of affirmative action. Over the years, I have worked with many blacks in Africa who were quite capable – and proud. I know that they are to some extent puzzled and chagrined and embarrassed that, after forty years of affirmative action, their brothers and sisters in the US still complain of their poor treatment and station in the US. (They cannot be too vocal in this criticism, however, in view of the fact that most "black" countries are heavily dependent on international economic and humanitarian assistance (most of it caused, of course, from the massive debt resulting from compound-interest loans from the developed world).) Today's US blacks would do well to look to the example set by Malcolm X. He didn't complain – he blasted! He heaped scorn on sit-ins and other passive-resistance actions. He commanded respect. In any event, the US government's handling of civil rights, and its implementation of affirmative action, has generated much hostility among the once-dominant culture of white Protestants.

(Malcolm X had interesting views on the divine nature of the races. He attributed the problem between blacks and whites to the fact that the white race is inherently evil. This would appear to align with the views of Zulu sangoma (sanusi, shaman) Credo Mutwa and others that the whites are Nordic or Nordic-Reptilian aliens (mzungus), and the blacks (mudugavus) are true natives of Earth.)

The US Government Punishes Native US Citizens and Lets Illegal Aliens Flaunt the Law

Illegal aliens are criminals. They are criminal invaders. They have willfully violated US law and invaded our country. Not only does the US government refuse to deport them, but it welcomes them, provides them benefits, and encourages them to come and to stay. Police are routinely forbidden to ask people their legal status. Border patrol agents such as Ignacio Ramos and José Compean, who are effective in doing their jobs, are jailed – in this outrageous case on the testimony of a criminal alien-invader drug smuggler who was given immunity from prosecution to testify against them. Illegal aliens are given medical care at our emergency rooms, and nothing is done when they do not pay for these services. They have babies by the hundreds of thousands in our hospitals. Not only do they routinely not pay for the medical bills, but our government grants their children – the children of criminal invaders of our country – birthright citizenship. For years, illegal aliens have entered time and time again, and they are simply released. They were deported only for crimes other than illegal immigration! If they were deported and they returned, they were simply deported again. No effective action has been taken by our government to stem the flow of illegal aliens.

But what if a US citizen breaks the law? This is quite a different story. He is punished to the full extent of the law. An illegal alien invades our country and is ultimately responsible for the destruction of an acre of natural land, through its conversion to infrastructure to accommodate his presence. The US government rewards him by granting birthright citizenship to his children born in this country. An illegal alien is a heavy-duty criminal, but the US government rewards him with free economic, social and medical services – as well as living space and use of infrastructure and citizenship for his progeny. But a US citizen who breaks the law and is caught is invariably punished – he is expected to obey *all* the laws. The US government treats illegal aliens better than its own citizens. Why would it do this? Because this benefits the wealthy ruling elite. The US has adopted a policy of growth-based economics. It wants the population to grow by about one percent every year, because this generates more income and wealth for the wealthy elite. It wants untrammeled immigration because this supports globalization. It does not matter to the government or the wealthy elite that the land is being destroyed, that American culture is being destroyed, and that the US middle class is being destroyed. All the government and its wealthy masters care about is the money, and more illegal aliens mean more money. Every quarter, the US President crows about increased employment and other measures of growth, such as new-home starts. Growth, growth, growth. That is all that matters to the government and its masters. Growth that is destroying the biosphere. Growth that is placing billions of people in abject poverty. Growth that is leading the country and the world to total destruction. How long will this insanity continue?

The US government maintains a double standard. It refuses to deter, apprehend and deport illegal alien invaders, while hunting down, prosecuting and punishing US citizens to the fullest extent of the law. Figure that one out! It would appear that the general policy of the US government is that only citizens can be lawbreakers. (This would appear to complement its policy that only whites can be racist.)

The government wants mass immigration *period*, whether legal or illegal. It actually prefers to have a certain level of illegal immigration, because this serves US business interests (illegal aliens are criminals-on-the-run and as such are much easier to control and may be paid less). In any event, the government has adopted a population policy of a population growth rate of about one percent per year, or about three million per year, of which two thirds is currently illegal immigration. If the electorate is in fact able to shame the government into cracking down on illegal immigration (e.g., because it is such a blatant, hypocritical and contemptuous display of total disregard for the law on the part of the government), the government simply boosts the amount of legal immigration or implements amnesty (the current euphemism being “a path to

citizenship"). It has been following this policy for decades. Our immigration system is an open doorway – actually, a *revolving* doorway for those few who are deported, since they easily return. The US government processes immigrants, who destroy our country, environment and culture, as fast as it possible can. It is hard to imagine that the US government could process legal immigrants any faster than is currently being done – about a million a year!

US citizens are being imprisoned for terms of many years – up to life imprisonment – for crimes such as having sex with minors, operating poker machines, and using psychotropic drugs such as marijuana. It even imprisons Border Patrol agents who are effective in doing their jobs. But illegal aliens commit their criminal act of invasion of our country with impunity. They are given free medical care, their children are given citizenship and free education and medical care, and recently, former-Governor Eliot Spitzer of New York tried to reward them with New York State driver's licenses.

In my home town of Spartanburg, a local restaurant owner was recently arrested for operating poker machines. But 20 million illegal aliens – serious criminals every one – not only go free, but are given free social, educational and medical services – and birthright citizenship for their children! The US government has indeed declared war on its own citizens. The US government is a cancer, nurtured by the wealthy elite, that is destroying the culture on which the country was founded (government of, by and for the people), the environment (by the conversion of natural land to infrastructure and the burning of fossil fuel to accommodate increased population), and the quality of life for the middle class (by the many effects of overcrowding caused by mass immigration, massive international free trade, open borders, and growth-based economics (e.g., diminished security, long commutes, loss of natural beauty, massive increase in the cost of land and access to nature, and increased work hours (both parents now in the competitive labor force))).

The US government promotes offering in-state college tuition to illegal aliens. That is a privilege that is denied every US citizen who is not a legal resident of a state. If a US citizen tries to obtain in-state tuition from a state of which he is not a resident, he will be charged with fraud and go to jail. Illegal aliens get free medical care at emergency rooms of US hospitals, yet US citizens have to pay exorbitant amounts for medical care (increased to some extent by the provision of free care to the illegal aliens and increased massively by US government policies aimed at enriching the medical establishment). The US middle class is forced to pay, through taxes, for free social, educational and medical services to illegal aliens.

It was recently reported by the Heritage Foundation that a US Government Accountability Office (GAO) study reported that three percent of voters in the US are illegal aliens. Because of the massive numbers of illegal aliens in Arizona, Texas and Florida, those states may be entitled to two, two and three more representatives than if the illegal aliens were not present (and other states would lose this number of representatives. The US Census does not ask citizenship status.

The US Government Has Destroyed Security, to Generate More Wealth for the Wealthy Elite; Free Trade / Open Borders / Mass Immigration

In order to generate more wealth for the wealthy elite, the US government long ago adopted policies of massive international free trade, mass immigration, and open borders. Our country is

no longer secure. Our borders are not secure. Our ports are not secure. A half-century ago, most goods and people entering the country were inspected. Now, most goods are not inspected at all. Most of the toys purchased in the US are manufactured in Communist China, many using lead paint. About 40 percent of our food is now produced overseas, often in countries such as Communist China, under terrible environmental conditions (unsanitary conditions, sick workers, flagrant misuse of pesticides and herbicides or banned products such as DDT). This does not bother the US government at all. It generates more money for the wealthy elite. The fact that the US middle class become ill, lose their jobs, or see their quality of life diminish is not a concern to the government. The wealthy can order wild salmon from Scotland, but the middle class must consume tilapia raised in sewage in Communist China. In flagrant violation of the law, the government does not require country-of-origin labeling of food, so that US consumers are prevented from seeing where their food comes from. The policies of the WTO promote these vile practices, to further international trade and increased wealth for the wealthy elite.

Last year (2007), the government approved the sale of our ports to the Dubai Ports World, an entity of the United Arab Emirates. The public outrage over this was so strong that the government felt compelled to eventually cancel the deal (the limit of Hume's Paradox was reached). The US public was not blind, however, to the cause of this debacle. It is now patently clear to even the least discerning citizen that the security of the US middle class is not a concern of the US government. The government claims to be waging an exquisitely costly war in Iraq in order to keep the war on terrorism "over there" instead of on our own territory. With our open borders and lack of security of our ports, however, it is just a matter of time until a terrorist group imports a nuclear suitcase bomb and annihilates an American city. The US government allows the immigration of one to two million illegal aliens each year, and another million legal immigrants from alien cultures all over the world. It is just a matter of time until another "9/11" occurs, or much worse – the loss of traditional American culture. The government does not care about this. It sees only the wealth that an active "war on terror" generates for the wealthy elite who own weapons-manufacturing firms and security-equipment and security-service firms. The US middle class must pay for this war caused directly by the policies of greed of its leaders. This is straight out of George Orwell's *1984*. The US government *loves* the "War on Terror," keeping the country in a continual state of anxiety and alert against an ever-present enemy. To pay for this, however, in most families both parents must now work in the competitive labor market, just to make ends meet, and their children must be in industrial day care from birth on. This was not true 50 years ago. It has been brought about by the policies of greed of the wealthy elite who control the US government.

The attitude of the US government toward a terrorist attack is the same as its attitude toward the Katrina Hurricane disaster in New Orleans, or the attack on the Twin Towers. It knew full well about the high likelihood of these events in advance. Terrorists had already attacked the Twin Towers several years earlier, and a US government report stated that massive devastation (flooding) would definitely occur in New Orleans as soon as a category 5 hurricane struck – just a matter of time. Yet the government chose to do nothing about either event. In fact, under its policies, the Moslems / Arabs / Egyptians who flew the airplanes into the Twin Towers were granted visas and were provided, quite legally and in the US, training in flying of large airplanes. Why would the US government do such a thing – not prepare for anticipated disasters – when it knew that they were likely? The reason is always the same – the money. The cost of repairing the damage is far greater than the cost of preventing it. Since, under its policy of growth-based economics, the government is in the business of increasing gross domestic product (GDP), it actually *prefers* that the disaster be very costly, to generate more business opportunities for the wealthy elite, in reconstruction. It can't admit to this, of course, any more than it can admit that

it is in favor of illegal immigration; or that its policies of massive international free trade, mass immigration and open borders are destroying the culture, the environment, and the quality of life for the middle class; or that democracy is a complete sham, a "virtual" system controlled by the wealthy to dupe the people into thinking that they are in charge. Lies, lies, lies. When will the American people wake up to these crude deceptions?

It is likely that "terrorist"-delivered nuclear weapons will eventually explode on one or more US cities. When that happens, the US government will doubtless claim that it could not have been foreseen or prevented, and that it did everything that it could to prevent it. This is totally false. Our current state of vulnerability has been caused by decades of US government policies of massive international free trade, mass immigration and open borders. The US government will not do anything that will stop the generation of vast wealth from massive free trade, mass immigration and open borders. It could stop illegal immigration totally, within a week or so, simply by arming the border with Mexico. It could deport all illegal aliens and their progeny in a few weeks, simply by rounding them up and placing them in concentration camps, or by making illegal immigration a capital crime. But it will not do any of these things, because it wants the flow of millions of Mexicans, Central Americans and South Americans (or people from somewhere else) across the border each year.

US government leaders claim that it is not "humanitarian" or "practical" or "morally right" to take any of these security measures, but this is a complete lie – nations go to war and kill soldiers and civilians at the drop of a hat, to protect their economic interests. The US bombed German cities near the end of World War II, and dropped atomic bombs on Hiroshima and Nagasaki after the war with Japan was clearly won. Some leaders assert that mass deportation is not "realistic" – why is it that allowing mass illegal invasion is? The Constitution does not say that the president and other leaders should defend the country from invasion only if it is considered "humanitarian" to do so; or that invaders should be allowed to remain if it is not considered "practical" to deport them or to do anything else to eliminate them; or that they should be allowed to stay because we are a "nation of immigrants." It explicitly, unequivocally, and unambiguously states it is a fundamental duty to do so. The US is the only country in the world that allows millions of people to invade it, and then does nothing (except to support them). Through this action, the US is committing cultural suicide – and the death of the country will soon follow. In refusing to defend the country from invasion, and in aiding and abetting the invasion of the US by 12-20 million illegal alien invaders, our leaders are guilty of high treason. This invasion was not beyond their control: it has been enabled by them. They are guilty of high treason, and should be on the gallows.

The US government will build ineffective fences in parts of the border, so that the flow of illegal aliens is not stanched. It will say much and will take many actions that appear to be against illegal immigration, but they will all be ineffective. These actions are in fact doubly effective in achieving the government's goals: (1) they make it appear that the government is doing something about the problem; and (2) they transfer massive amounts of money from the US taxpayer to the wealthy elite, to pay for them. But they do nothing to stop the flow of illegal aliens. The US government will spend billions on programs that will not work, when it could spend virtually nothing (using existing military machine guns and soldiers) to accomplish the job. Why? Because mass immigration generates massive wealth for the wealthy elite, and because making massive expenditures on ineffective programs is even better for the wealthy elite than doing nothing at all. But who pays for this? The US middle class. Two ways – in taxes to pay for these expensive and ineffective programs, and in the loss of their country, environment and culture to the alien invaders.

It was announced recently (23 April 2008) that a $20 million section of fence along the US/Mexico border in Arizona was being scrapped, just two months after it had been accepted (on February 22). It was a "virtual" fence, consisting of nine electronic surveillance towers along a 28-mile section of border southwest of Tucson. The government has announced that it will now build a better "virtual" fence. Why? Why bother with a *virtual* fence, when far less costly means, such as machine-gun nests would be far more effective and far less costly. Because the government does not *want* it to work. It simply wants to spend money on ineffective "virtual" fences so that it appears to be doing something to combat illegal immigration but in reality so that the immigrant flow continues unimpeded and much money is transferred from the middle-class taxpayer to the wealthy elite (both from immigration and from building virtual fences that do not work). It also prefers "high-tech" fences – virtual or physical – to low-cost (and more effective) machine guns, as they are very much more expensive, and therefore contribute significantly to increasing the gross national product (and keep the US middle class working longer and harder to pay for them). Why does no one ever ask why the government spends billions on fences that don't work, when a few low-cost machine guns would protect the border very well? To the government, its ineffective and costly solution makes perfect sense – they don't stop illegal immigration and their construction and operation and maintenance generate lots of economic activity and wealth for the wealthy elite. But how is it that the US citizens who see their country, environment and culture being destroyed by these sham efforts do not take the government to task? When will America awaken?

The US government allows – induces – millions of illegal aliens to invade our country, and then tells companies that it will fine them if they employ them. Huh? Recently (August, 2008), the US government initiated a "self-deportation" program, under which illegal aliens would be provided free transportation back home if they turned themselves in. After 10 days of the program, six people had applied. Does the arrogance of our government in proposing such measures not make your blood boil?

How stupid does the US government think that the US people are? Why is it that none of the crucial problems facing society today are solved, when many of them could be solved very easily (e.g., illegal immigration)? It is because the US government does not *want* to solve them. In furthering its mission to enrich the wealthy and enslave the poor, it makes effective use of democracy. It uses the "paralysis" of democracy to make it appear that it is trying to do something, yet nothing appears to be possible (this is an example of the so-called "tyranny of the minority" that is achieved by fractionating the population through mass immigration). The amazing thing is, however, that traditional-culture Americans stand idly by doing nothing, while the US government destroys their culture, quality of life, and freedom.

The middle class loses still another way. In his book, Civil Liberties and American Democracy (1984), John Brigham lists the three most likely threats to constitutional democracy in America: from Elites, from the People, and from the Experts. Through its massive "make work" projects, such as the war in Iraq and ineffective but costly measures against illegal immigration, the US government is transferring vast wealth to the wealthy elite from the middle class (which has to pay the taxes to pay for these projects). This not only reduces the standard of living and quality of life for the middle class, but it greatly increases the income and wealth gap between the rich and the middle class, thereby transferring political power from the people to the wealthy elite.

The main reason why there is so much illegal immigration is that the US government has failed to process legal immigrants as fast as it would have liked – it is already processing them at the rate of a million a year, and would be embarrassed to process three million a year. As part of its commitment to growth-based economics, the US government has adopted a policy of one

percent population growth per year – three million immigrants a year, legal or illegal – and it is not going to permit anything to stand in its way – even the US middle class.

A law was passed several years ago requiring country-of-origin labeling on all food products. But the wealthy elite do not want this. They want to mix a little US hamburger meat in with 99 percent foreign hamburger meat, and represent that it as a US product. They want US consumers to continue to consume tilapia raised in Communist Chinese sewage ponds, and not be able to avoid this by reading a country-of-origin label. Almost all apple juice sold in the US is imported from Communist China (except for Marzelli's, which is difficult to find in Spartanburg). The US government does not want the consumer to know this. Many US consumers would like to know which food products were produced in the US, so that they can be assured that it has been grown under strict US regulations. Contaminated catfish is imported from Communist China. The US consumer would like to see country-of-origin labels on food and other products, so that it can assess its safety. But no, the US government is more concerned with the health of US trade with Communist China than with the health of the US citizen. It will not take any actions that will lessen trade with Communist China. It will not take effective action to ban contaminated food, because the treatment of illness caused by contaminated products means "big bucks" for the US medical establishment (and big payments to investigate the sources of food-poisoning outbreaks). The US government does not want US consumers to know, because that might reduce consumption of foreign food and thereby reduce international trade, which benefits the rich. So who gets screwed? The US consumer. The US middle class. The US government sold out to the rich decades ago, and is not about to change.

With twelve to twenty million illegal aliens in the country, identity theft is rampant. The US government does not care about this. Massive levels of identity theft generate massive fees for lawyers and credit-protection firms. (When the US government passed the Social Security Act of 1933, it promised that it would never allow use of the Social Security Number as a general personal identifier. It reneged on this promise.) The high cost, anxiety and substantial loss of time required to address problems caused by identity theft (they rarely can be addressed easily or quickly, or cleared up totally) are not a concern for the US government. If they were, it would not promote the mass immigration that has destabilized our society and destroyed our culture and environment. Instead, it gloats over the increase in gross domestic product required to address the problems that its policies have caused. Who pays? The US middle class. Who benefits? The wealthy elite who own the country.

Illegal Aliens Are Killing, Maiming and Murdering US Citizens on a Massive Scale

If you assume that the murder rates, assault rates, and accident rates for illegal aliens are the same as for US citizens – and this is a very "conservative" assumption, in view of the fact that all illegal aliens are criminals, many of them are poor drivers, and many of them have no qualms about drinking and driving – then a quick calculation shows that illegal aliens are killing and maiming US citizens in numbers substantially greater than the death toll for US soldiers in Iraq. Why does our government permit this? To make money for the wealthy elite, who benefit from mass immigration – illegal or otherwise. Deaths and injuries to US citizens are of no concern to the US government, as long as it generates more money for the wealthy elite (which it does! – vehicle repairs / replacements, litigation, and medical costs).

The problem of illegal aliens killing and maiming US citizens is now so severe that an organization has been set up to focus attention on the problem: Mothers Against Illegal Aliens. Its website is located at Internet address http://www.mothersagainstillegalaliens.org .

The invasion of illegal aliens is destroying our natural land, our wildlife, our environment, our culture, and the quality of life for the US middle class, who are being crowding out of their own living space. Illegal aliens are slaughtering and maiming US citizens at the rate of thousands every year. The US president took an oath to defend the US Constitution and protect the country from alien invasion. Instead, he actively promotes it. The US president is guilty of high treason, dereliction of duty and gross malfeasance in office. Every president who has promoted or allowed mass illegal immigration – Bush, Clinton, Bush Sr., Reagan, Carter, Ford, Nixon, Johnson, and Kennedy – is guilty of high treason against the American people. Why are they not brought to justice? Because they are doing the bidding of the wealthy elite who own the country (just recently, Bill Gates testified before Congress, pressing for large increases in visas for foreigners). They will never be brought to justice. They will continue to flaunt the Constitution and violate their oaths of office until the country collapses.

Illegal aliens are criminal invaders of our country. Illegal aliens destroy US land (about one acre per immigrant, legal or illegal). Illegal aliens cause death and injury for many US citizens. Illegal aliens add to the country's pollution and energy consumption. Illegal aliens destroy US traditional culture. Illegal aliens (and immigrants in general) drive up the price of commodities, such as mountain and beach property. The fact that the US government and state and local governments condone and promote their presence, benefiting only the wealthy elite, is perhaps the strongest indicator that the US, as a society based on the founders' principles, is dead. Its leaders have sold out to the wealthy elite, and have turned against the middle class.

Never-ending War

As will be discussed in detail later, the US government seeks to maintain a perpetual state of war. This makes it easy to control the population (kept in a perpetual state of anxiety about their security), and it generates massive business for the military-industrial complex. Sometimes, wars are initiated by others (e.g., the First and Second World Wars), but many wars involving the US are initiated by the US. The current war in Iraq is but one example.

Although the primary reason for the US invasion of Iraq was to obtain unrestricted access to Iraqi oil, the government did not want to appear so pecuniary in its motives, and so that it asserted that other factors were the reason for the war, such as the presence of weapons of mass destruction, freeing the Iraqi people from a cruel dictator, spreading democracy in the Middle East, and keeping the "War on Terror" "over there" (i.e., waging it mainly outside of the US). In addition to oil, a secondary motive for the war was to provide business for the US military-industrial complex (paid for mainly by taxes from the middle class). In this regard, this war has been very successful.

In addition to the cost of armaments and troop deployments, the war has been very successful in generating much business for the US medical establishment. The government can truly say that it regrets the deaths of 5,000 US soldiers in Iraq (since it has lost this many production / consumption units), but it is shedding crocodile tears over the 30,000 horribly maimed US casualties – these soldiers will generate massive amounts of business for the US medical establishment – paid for mainly by the US middle class (which pays the bulk of the federal

taxes). Why does the US government refuse to agree to bans on antipersonnel mines and cluster bombs? – because the horrible injuries caused by these weapons generate much income for the global medical establishment (and lots of income for the wealthy-elite security firms who clear mine and cluster-bomb fields).

The US Is Now a Fascist Dictatorship

This topic – the fascism of the United States – deserves some discussion. In conversations, I have variously referred to the United States as a plutocracy (government by the wealthy) or an oligarchy (government by a few), and this characterization never generates a response. On the few occasions in which I have referred to the US as a fascist state, however, I invariably get a surprise response, and denial. Quite some time ago (2003), I wrote an article, "Is America Fascist? Does It Matter?" in which I discussed this issue. In my view, the US *is* a fascist state, and it is even reasonable to characterize it as a fascist dictatorship. Here follow, with some elaboration, some excerpts from this article.

What is a fascist state? What is fascism? When I was a boy, I heard these terms a lot. The phrase "fascist dictatorship" was often used to refer to Hitler's Germany and Mussolini's Italy. But I never was told what the term really meant. The term has also been applied to Franco's Spain, Salazar's Portugal, Pinochet's Chile and many other countries. But these are examples, not definitions.

At some point, I am sure that I looked up the definition, and my high-school history books no doubt included one, but I can still recall that the definition was not very satisfying, and I never really felt very certain about exactly what constituted a fascist state and what did not. Maybe fascism is like pornography – you know it when you see it. Maybe it is a pejorative with no fixed meaning at all.

With the fall of "fascist" states in the last century, the term was mainly used in an historical context. Until recently. All of a sudden, there seems to be a proliferation of articles decrying America as a "fascist state." But America has not really changed very much in recent years in its fundamental philosophy – it is a liberal democracy that embodies a capitalist, mildly regulated free-market economy. That has not changed. About the only major event that occurred recently was the attack on the World Trade Center on September 11, 2001. Subsequent to that, there has been a little tightening of security restrictions, but overall, very little has been done – the US still follows a policy of mass immigration and open borders. The economy has soured somewhat, but life for most Americans is still at a high material standard. A few months ago [now five years ago – I wrote this text in 2003], the US invaded Iraq, but it did this subsequent to a UN resolution approving the action. So what has changed? How has America crossed over the fine or fuzzy line that separates a fascist state from a nonfascist state? Was it a single action, or the sum total of a lot of little actions? Was it the fall of the Soviet Union, so that the actions of the world's sole remaining superpower, with little to oppose or moderate them, are automatically classified as fascist? Or is America really changing in its fundamental character?

<u>Some Background</u>

Before going any further, let me present some material from some recent Internet discussions about the US and fascism. First, some material from Thom Hartmann's article, "Dismantling Democracy", posted at website http://www.commondreams.org/views02/0922-06.htm .

Hartmann writes: “Back in 1983, before its publisher was acquired by a multinational corporation, the *American Heritage Dictionary* left us this definition of the form of government the democracies of Spain, Italy, and Germany had morphed into during the 1930s: “fascism (fâsh'iz'em) n. A system of government that exercises a dictatorship of the extreme right, typically through the merging of state and business leadership, together with belligerent nationalism. [Ital. fascio, group.]”

“The key is the merging of state and business leadership.

“When the United States was first declared independent in 1776, its founders knew humans had previously faced tyranny in the form of despotic kings and inquisitional churches. The Bill of Rights firmly declared that no church could ever again control a democratic government. And the Declaration of Independence made it clear right from the beginning that when citizens are burdened by ‘a design to reduce them under absolute Despotism,’ that ‘it is their right, it is their duty, to throw off such Government….’

“Thus, the Founders and the Framers disposed of despotism by church or state, guaranteeing the absolute and inviolable rights of a nation’s citizens to life, liberty, and the pursuit of happiness.

“But there was a third entity that Thomas Jefferson and others worried may also one day rise to seize control of the government and enslave the people. James Madison wrote, ‘There is an evil which ought to be guarded against in the indefinite accumulation of property from the capacity of holding it in perpetuity by … corporations. The power of all corporations ought to be limited in this respect. The growing wealth acquired by them never fails to be a source of abuses.’ Jefferson proposed an additional amendment to the Bill of Rights to restrain corporations, calling for a Constitutional Amendment to ‘ban monopolies in commerce,’ although it failed under the Federalist opposition of the Hamilton/Adams faction.

“A few decades later, President Martin Van Buren said, ‘I am more than ever convinced of the dangers to which the free and unbiased exercise of political opinion – the only sure foundation and safeguard of republican government – would be exposed by any further increase of the already overgrown influence of corporate authorities.’ In the years since, other presidents – from Jackson to Eisenhower – have warned about the dangers to the nation if corporations were ever to take over the government.

“But, claiming that the Supreme Court ruled in 1886 that corporations are the same as natural persons and thus have rights under the 14th Amendment and the Bill of Rights (the Court ruled no such thing, but the myth persists, even in law schools), corporations have exercised human rights of free speech, privacy, and freedom from discrimination. They’ve used these human rights to seize control of the airwaves, threaten and bully politicians into promoting their agendas, hide corporate crimes, and prevent local communities from ‘discriminating’ against transnational corporations over local companies while wiping out their competitors.

“The takeover is nearly complete, and a world war will not only vastly enrich the transnationals who have perpetrated this coup, but could also mean the end of the first experiment with republican democracy in almost three thousand years.

“It’s like the magic trick in The Wizard of Oz, but this in a version written by Franz Kafka. The war hides the failures and crimes of the leaders and their friends. But behind the leaders and

their friends are the real ‘men behind the screen.’ And they’re not men at all – they’re non-living, non-breathing legal fictions which have claimed the rights of humans to seize control of democracies from one side of the Atlantic to the other.

“It’s time that we, the people, recognize the damage this new corporate plutocracy has already inflicted on our lives, our biosphere, and our government. And, like the ten communities in Pennsylvania who have now passed ordinances denying corporate personhood, begin to take back our democracy before it’s lost forever in an international conflagration.”

[End of Hartmann extracts.]

In his book, What Would Jefferson Do? (2004), Hartmann writes, “Fascism was named by Italian Dictator Benito Mussolini. This is relevant to our discussion because Mussolini noted in the entry he wrote for the Encyclopedia Italiana, ‘Fascism should more appropriately be called corporatism because it is a merger of state and corporate power.’” Also, “For most of the twentieth century, Americans feared the greatest danger to our way of life was communism. We were wrong: fascism was a more potent external menace, and now may be our greatest internal threat.” Under the heading, “The feudal corporate lords take over the world?” Hartmann writes

“But what if a new governmental form has emerged and not yet been recognized or identified by the pundits? A state led not by a dictator or theocrat, nor by its citizen voters, but by corporations? A state in which corporations write laws, passed by legislators beholden to corporations, and always incrementally benefiting corporations?

“This wouldn't be the ‘strong state’ that Mussolini envisioned with his ‘fascism,’ where the corporations serve the state, but would represent a new type of state of, by, and for the corporations.

“The state would merely supply a facade of governance. The real decisions would be made by corporate chiefs on issues ranging from how much mercury is in the air, to what candidates would run for elective office, to how the nation conducts its energy and foreign policies. Corporate CEOs holding wealth and power that would have made Henry VIII jealous, living in private-jet and penthouse luxury beyond the imagining of most citizens, would decide what news people would see, what music they would hear, and what kind of medical care they could get.

“There is not, to the best of my knowledge, a word to describe this sort of nation-state, although corporatist and corporatism seem to work. It's not a purely fascistic state because it doesn't include the ‘belligerent nationalism’ part of the definition (if anything, nationalism is often celebrated in slogan but suppressed in policy), nor is it democratic because it's not run by or for its entire populace. It's not a dictatorship, yet neither is it a republic. It's not a theocracy – although it has its own belief system in the almost-supernatural powers of the ‘free market’ – but it is no longer a constitutionally limited government.

“Its parallel can be found in the thirteenth-century era of feudalism, when the lords had enough power to force the king to grant them rights under the Magna Carta. This time, the government isn't hereditary, but its individual members come from (and nearly all aspire to go to) the elite world of corporate wealth and power. The closest I can come to describing it is as a corporate-controlled semifeudal pseudodemocracy.

“And the trend to transform democracies (and even dictatorships, like Russia) into corporate-controlled semifeudal pseudodemocracies is already well underway.

“The United States has succumbed and has laid plans to take Iraq with it. Canada is on the brink, as is Germany, and Putin's Russia is just beginning to fight back against corporate powers, albeit using the weapons of dictatorship. Perhaps a third of the smaller democracies of the world particularly those rich in natural resources or cheap labor with strongman leaders or elite ruling families or corporations (like Botswana, Colombia, and Singapore) – are already democracies in name only.

“The World Trade Organization (WTO) has replaced the United Nations as the most powerful intergovernmental organization in the world, and in the WTO, corporations are equal partners with nations. Soon corporations will be the masters of nations; some suggest they already are.

“This is the dark side of corporate globalization promoted in works like Thomas L. Friedman's The Lexus and the Olive Tree (1999). It could displace democracy entirely from Greece and America, the ancestral lands of its birth.

“And so we are left with the question: will people who have tasted freedom once again rise up and throw this century's version of tea into the harbor? Or will the people of previously democratic nations find themselves powerless against the new corporate feudal lords?”

In Secrets, Lies and Democracy (1994) Noam Chomsky writes, “I mean fascism pretty much in the traditional sense. So when a rather mainstream person like Robert Skidelsky, the biographer of Keynes, describes the early postwar systems as modeled on fascism, he simply means a system in which the state integrates labor and capital under the control of the corporate structure.

“That’s what a fascist system traditionally was. It can vary in the way it works, but the ideal state that it aims at is absolutist – top-down control with the public essentially following orders.

“Fascism is a term from the political domain, so it doesn't apply strictly to corporations, but if you look at them, power goes strictly top-down, from the board of directors to managers to lower managers and ultimately to the people on the shop floor, typists, etc. There's no flow of power or planning from the bottom up. Ultimate power resides in the hands of investors, owners, banks, etc.

“People can disrupt, make suggestions, but the same is true of a slave society. People who aren't owners and investors have nothing much to say about it. They can choose to rent their labor to the corporation, or to purchase the commodities or services that it produces, or to find a place in the chain of command, but that's it. That's the totality of their control over the corporation.

“That's something of an exaggeration, because corporations are subject to some legal requirements and there is some limited degree of public control. There are taxes and so on. But corporations are more totalitarian than most institutions we call totalitarian in the political arena.”

“[Thomas] Jefferson specifically warned against ‘banking institutions and monied incorporations’ (what we would now call ‘corporation’) and said that if they grow, the aristocrats will have won and the American Revolution will have been lost. Jefferson’s worst fears were realized (although not entirely in the ways he predicted).”

“Those ideas, which run straight through to [John] Dewey, are deeply anticapitalist in character. Adam Smith didn’t call himself an anticapitalist because, back in the eighteenth century, he was basically precapitalist, but he had a good deal of skepticism about capitalist ideology and practice – even about what he called ‘joint stock companies’ (what we call corporations today, which existed in quite a different form in his day). He worried about the separation of managerial control from direct participation, and he also feared that these joint stock companies might turn into ‘immortal persons.’

“This indeed happened in the nineteenth century, after Smith's death [under current law, corporations have even more rights than individuals, and can live forever – David Barsamian (interviewer)]. It didn’t happen through parliamentary decisions – nobody voted on it in Congress. In the US, as elsewhere in the world, it happened through judicial decisions. Judges and corporate lawyers simply crafted a new society in which corporations have immense power.

“Today, the top two hundred corporations in the world control over a quarter of the world's total assets, and their control is increasing. Fortune magazine's annual listing of the top American corporations found increasing profits, increasing concentration, and reduction of jobs – tendencies that have been going on for some years.”

[End of Chomsky extracts.]

Another article I recently read was Laurence W. Britt’s 2002 article “Fascism Anyone?” posted at http://www.secularhumanism.org/library/fi/britt_23_2.htm . Britt writes: “…fascism’s principles are wafting in the air today, surreptitiously masquerading as something else, challenging everything we stand for. The cliché that people and nations learn from history is not only overused, but also overestimated; often we fail to learn from history, or draw the wrong conclusions. Sadly, historical amnesia is the norm.

“We are two-and-a-half generations removed from the horrors of Nazi Germany, although constant reminders jog the consciousness. German and Italian fascism form the historical models that define this twisted political worldview. Although they no longer exist, this worldview and the characteristics of these models have been imitated by protofascist regimes at various times in the twentieth century. Both the original German and Italian models and the later protofascist regimes show remarkably similar characteristics. Although many scholars question any direct connection among these regimes, few can dispute their visual similarities.

“Beyond the visual, even a cursory study of these fascist and protofascist regimes reveals the absolutely striking convergence of their *modus operandi*. This, of course, is not a revelation to the informed political observer, but it is sometimes useful in the interests of perspective to restate obvious facts and in so doing shed needed light on current circumstances.

“For the purpose of this perspective, I will consider the following regimes: Nazi Germany, Fascist Italy, Franco's Spain, Salazar's Portugal, Papadopoulos's Greece, Pinochet's Chile, and Suharto's Indonesia. To be sure, they constitute a mixed bag of national identities, cultures, developmental levels, and history. But they all followed the fascist or protofascist model in obtaining, expanding, and maintaining power. Further, all these regimes have been overthrown, so a more or less complete picture of their basic characteristics and abuses is possible.

“Analysis of these seven regimes reveals fourteen common threads that link them in recognizable patterns of national behavior and abuse of power. These basic characteristics are more prevalent and intense in some regimes than in others, but they all share at least some level of similarity.” [I will just list the fourteen items here – see Britt’s full article for explanations, plus references.]

1. Powerful and continuing expressions of nationalism
2. Disdain for the importance of human rights
3. Identification of enemies / scapegoats as a unifying cause
4. The supremacy of the military / avid militarism
5. Rampant sexism
6. A controlled mass media
7. Obsession with national security
8. Religion and ruling élite tied together
9. Power of corporations protected
10. Power of labor suppressed or eliminated
11. Disdain and suppression of intellectuals and the arts
12. Obsession with crime and punishment
13. Rampant cronyism and corruption
14. Fraudulent elections.

Britt closes (in an earlier version of his piece) with a quote from Huey Long: “When fascism comes to America, it will be wrapped in the American flag." [End of Britt’s material.]

In reviewing Britt’s list of attributes of a fascist state, it is interesting to see that the US scores “high” in a number of them. On item 3 (Identification of enemies / scapegoats as a unifying cause) the shift of focus from communism to the never-ending “war on terror” stands out. On item 4 (The supremacy of the military / avid militarism), the tremendous investment of energy and resources in the military is without parallel in the world. Item 5 (Obsession with national security) is prominent on a continuing basis, with daily announcements of the number of US soldiers killed in Iraq and the continuous maintenance of “yellow” (elevated) status for the nation and “orange” (high) status for all domestic and international flights, under the Department of Homeland Security’s Security Advisory System. With respect to item 8 (Religion and ruling elite tied together), the strenuous efforts of organized religions to support the US government in its program to encourage and support illegal immigration are notable. Item 9 (Power of corporations protected) stands out as a hallmark of the country’s government, across the legislative, executive and judicial departments. On item 10 (Power of labor suppressed or eliminated), the government’s waging of a war against the middle class continues unabated, with several decades of mass immigration, massive international free trade and open borders. All of the benefits of increased productivity have gone to the wealthy, and the middle class now work twice as hard as in the past (with two family workers now in the competitive labor force, compared to one fifty years ago). Item 12 (Obsession with crime and punishment) stands out egregiously, now that the US imprisons one percent of its adult population and one in seven black males. (The US has more prisoners than any other country in the world, and has the highest rate of incarceration in the world.) The “war on drugs” has gone far to make criminals out of many people (recreational drug users) and to spawn much crime (to purchase drugs at the grossly inflated prices resulting from their criminalization). Item 13 (Rampant cronyism and corruption) is exemplified by the symbiosis of the US government with the powerful corporate lobby system. The fact that the Clintons could amass 109 million dollars in the period 2000-

2006, after leaving the White House with negative assets, stands in tribute to this system. Corporate executives and boards of directors conspire and collude to pay themselves obscenely large salaries and fees, grossly exceeding any reasonable measure of intrinsic worth of the services they provide to the stockholders. The classic example of item 14 (Fraudulent elections) is the "stealing" of the 2000 presidential election from Al Gore by voting-machine "problems" in Florida, and the continued efforts of the government to promote the use of electronic voting machines, which are easily and invisibly manipulated.

In his book, The Party's Over (2003), Richard Heinberg writes: "Giant corporations are engines of growth and have become primary power wielders in modern industrial societies. One way to rein them in would be to challenge important legal privileges they have acquired through dubious means. The Fourteenth Amendment to the US Constitution was adopted soon after the Civil War to grant freed slaves the rights of persons; but by the last decades of the 19th century, judges and corporate lawyers had twisted the Amendment's interpretation to regard corporations as persons, thus granting them the same rights as flesh-and-blood human beings. Since then, the Fourteenth Amendment has been invoked to protect corporations' rights roughly 100 times more frequently than African-Americans' rights.

"The legal fiction of corporate personhood gives corporations the right of free speech, under the First Amendment to the US Constitution. In recent years, when communities or states have sought to restrict corporations' campaign donations to politicians, the courts have overruled such restrictions as a violation of corporate free-speech rights as persons. Corporations also are allowed constitutional protection against illegal search and seizure so that decisions made in corporate boardrooms are protected from public scrutiny. However, corporate 'persons' do not have the same limitations and liabilities as flesh-and-blood persons. A human person in California who commits three felonies will be jailed for 25 years to life under the state's 'three-strikes' law; but a California-chartered corporate 'person' that racks up dozens of felony convictions for breaking environmental or other laws receives only a fine, which it can write off as a cost of doing business. Personhood almost always serves the interests of the largest and wealthiest corporations while small, local businesses that also have corporate legal status are systematically disadvantaged."

Heinberg continues, "Our current monetary system, which is based on debt and interest and thereby entails endless economic growth and snowballing indebtedness, requires replacement While some monetary theorists advocate a gold-based currency as a solution, others argue that a well-regulated, non-debt-based paper or computer-credit currency would have greater flexibility. There is at least one precedent in this regard: the Isle of Guernsey, a British protectorate, has had an interest-free paper currency since 1816, has no public debt, no unemployment, and a high standard of living." (I will return to the issues of compound interest and debt-based money later.)

The preceding are but a few of the growing number of references to the US as a fascist state. Additional sources include Kevin Danaher's Corporations Are Gonna Get Your Mama: Globalization and the Downsizing of the American Dream (1996) and Insurrection: Citizen Challenges to Corporate Power (2003).

While passing through the Chicago airport last week, I picked up an interesting book on fascism in America. It is Jonah Goldberg's Liberal Fascism (2007). Goldberg makes the point very convincingly that fascism is primarily a phenomenon of the left (the party of change) rather than of the right (the party of the status quo). (To distinguish Communism from Fascism, the Communist movement, also of the left, falsely asserted that fascism was of the right, and this

false representation stuck.) Goldberg discusses at length the fact that there is no fixed definition of fascism, and he presents his own: "Fascism is a religion of the state. It assumes the organic unity of the body politic and longs for a national leader attuned to the will of the people. It is totalitarian in that it views everything as political and holds that any action by the state is justified to achieve the common good. It takes responsibility for all aspects of life, including our health and well-being, and seeks to impose uniformity of thought and action, whether by force or through regulation and social pressure. Everything, including the economy and religion, must be aligned with its objectives. Any rival identity is part of the 'problem' and therefore defined as the enemy. I will argue that contemporary American liberalism embodies all of these aspects of fascism."

Further, Goldberg writes, "Robert F. Kennedy Jr. recycles this theme [that big business is the power behind fascism] when he writes, 'The rise of fascism across Europe in the 1930s offers many lessons on how corporate power can undermine a democracy. Mussolini complained that 'fascism should really be called corporatism.'"

Goldberg makes convincing arguments that the US was a fascist state under the administration of President Woodrow Wilson, and that the liberals of today promote fascism. He does not come right out and declare that the US is a fascist state today. For all intents and purposes, it is. The only real argument against this point of view is that the US of today is no longer a sovereign state. It is one of many states under the control of global Corporatism. It is simply a department or branch of that global business. The US government has no power other than what it derives from the wealthy elite, and the US people have no power at all within the corporatist system. The real power is in the hands of big business. Ordinarily, the term "fascism" applies to sovereign states, not to corporations or branches of corporation, such as the US is today. The term *corporatism* appears to best describe the political state of the world today.

<u>So Is America a Fascist State?</u>

So what's going on? Has America all of a sudden, or even gradually, become a fascist state? If you consider the definition and discussion given above, it is clear that fascism, like democracy, socialism, communism, and many other forms of government, can vary considerably in its implementation. Whether a state is fascist or not depends, to a considerable extent, on one's opinion about the degree or extent to which the state displays or embodies the various characteristics cited in the definition. It would appear to be quite consistent with the definition to refer to America as a fascist democracy – it is nationalistic and patriotic; it does embrace business (economic development, industrial activity) as the lynchpin of its society; and it supports a very powerful military-industrial complex, which it is not reluctant to use from time to time, especially to secure unfettered access to the oil on which its industrial system so crucially depends. One could argue that it is not at all in the class of the dictatorships of Mussolini and Hitler, and that this term is too strong. One could argue that no state extant today is a fascist state in the same league as Hitler's Germany or Mussolini's Italy. One could argue either way that America is a fascist state, or that it is not. Of course, one might keep in mind the old saying, "If it walks like a duck, and it talks like a duck, it's probably a duck!"

Perhaps the strongest argument against the use of of the word fascism to describe present-day America, and in favor of another word, such as corporatism, is the fact that as globalization transforms the world to a one-world government ("New World Order"), nationalization is fading into the past. The business interests now control states and use them as tools to further their purposes, and nationalism as a force in world affairs is almost a thing of the past – it is

transforming into an ethnic attribute, and fading away as a political force. It is almost an ill-posed question to ask whether America is fascist, since corporations now control the world and individual nations are largely irrelevant to this new system. They are little more than ethnic or political groupings, through which corporatist interests operate. The fact is that the US government now serves the wealthy elite, as do almost all other national governments (Russia is perhaps an exception). The United States is now simply a corporate enterprise whose sole function is to generate massive wealth for the planet's rich. Indeed, a new world government system – corporatism – has evolved, and is now in near-total control of the planet. The US is simply a part – an operating entity – of this larger whole. It is almost moot to debate whether America is a fascist state, since under the new global framework of corporatism the power and importance of state sovereignty have diminished to almost zero. The word "sovereignty" in referring to nation-states is now a misnomer – they are no longer sovereign (independent, autonomous) entities.

The Benefit of Productivity Increases Goes to the Wealthy Elite

On The History Channel a few weeks ago was an interesting program about candy manufacture. At one point in the program, it was pointed out that a single machine can now manufacture the same amount of candy (8,000 pounds) in one-half hour as a small candy factory employing traditional methods and several employees could produce in a year. US productivity has skyrocketed over the past half century. But virtually none of this productivity increase has benefited the US middle class. In fact, the quality of life for the middle class has been in decline for quite some time. The US middle class has to work longer and harder than ever before, with both parents working in most families now, just to make ends meet. Where has all of the benefit of the productivity increase gone? To the wealthy elite, the plutocrats who own the country.

Here follows an excerpt from Juliet Schor's A Sustainable Economy for the 21st Century (1995, 1998).

"CONSUMERISM, THE ENVIRONMENT AND THE PRODUCTIVITY DIVIDEND. Looking back over the past fifty years, the U.S. experience raises troubling questions. We have more than doubled our productive potential, as a result of rising productivity. Had we channeled this 'productivity dividend' into leisure time, Americans would have already reached the twenty hour week. But instead we used all of our economic progress to produce more goods and services, and to consume more. So Americans of all income classes got a higher material standard of living about twice as 'high' – but not many got more leisure time. On the contrary, those of us with jobs have lengthened our hours.

"We have gotten more things, but there is growing evidence that consumerism is not giving us satisfaction and peace of mind. Americans are neither happier nor more satisfied. Measures of social health show decline, not progress. Millions feel trapped in a cycle of working and spending, running faster and staying in place. Might it not be time to hop off that treadmill? As a society, we have achieved affluence as measured by average income; nonetheless, an increasing number of Americans are impoverished. But if we choose, which we should, to distribute our wealth more equitably, everyone in this country could live well, indeed handsomely, by historical comparison. Even for those who have achieved a middle class standard of living, quality of life is problematic. Now it's time to figure out how the consumerist lifestyle relates to true well-being.

"One thing we do know is that consumerism is disastrous for the environment. The last half-century of growth has been the most ecologically destructive in human history, and the United States, with its big malls, fast food, and lots of private (versus public) consumption has developed the most ecologically damaging pattern of consumption in the world. How can we reconcile our needs for material comfort, adequate time, and a healthy planet?"

Juliet Schor's concern that the problem is essentially one of distribution of wealth is a red herring. It is true that the distribution of wealth has become tremendously skewed in the past half-century (e.g., the ratio of income for corporate executives to workers has increased from about 40 to 1 to about 500 to 1). While this causes tremendous social stress, the fundamental problem relative to the environment is the generation of material wealth at the expense of nature. Large human numbers and industrial activity are generating massive wealth – and massive destruction of nature. *That* is the fundamental problem. Relative to the environment, the fundamental problem is not one of distribution of wealth.

The US Government Promotes the Dollar Drain and Dollar Weakening

A few months ago, the US Treasury Department was promoting the facilitation of means by which illegal aliens could transfer funds from the US back to their home countries. The US government views the opportunity of remitting a portion of one's wages is a strong incentive for illegal aliens to come to the US, and it is therefore doing whatever it can to promote and facilitate this practice. Every year, billions of dollars are sent to Mexico and other countries as remittances from illegal aliens living and working in the US. Because of this and other similar fiscal policies, such as the massive expenditures for the war in Iraq, the value of the US dollar relative to other currencies has plummeted. The Canadian dollar is now worth USD1.01 – when I worked in Canada in 1997, it was worth USD0.67. The euro is now worth USD1.56. A few years ago it was worth USD0.80. The massive devaluation of the US dollar is good for businesses that export. It makes it much harder for US consumers to purchase foreign goods and travel abroad. Since 40 percent of our food and about 60 percent of our oil is now imported, it hits hardest at those Americans least able to pay, and have little alternative. It is good news, however, for the wealthy elite who wish to sell their products abroad. Once again: who benefits – the wealthy elite; who pays – the US middle class.

Mexican Truckers Get a Free Ride on US Highways; Who Pays? You Do!

At midnight on September 7, 2007, the US government started allowing Mexican truckers to use US highways. These highways were bought and paid for by US citizens' taxes. But Mexican truckers may now use them for free! How can a US firm compete against a Mexican firm, when it is taxed to pay for the roads that the Mexican firm can now use for free? It cannot. In this program, the average US citizen loses two ways – his taxes go to provide free highways for Mexican trucking firms, and his income must now decrease because he is put in direct competition with Mexican firms and drivers who do not have to pay for these roads. Who benefits? The wealthy elite – and Mexico. Who pays? The US middle class. This action is a complete outrage. It is an affront to the US middle class.

Government and political leaders all say that they are for “free and fair” trade. This is a lie. The US government passes laws giving tremendous advantages to foreigners, and then stands idly by as the quality of life of the US middle class is destroyed.

A book describing this developing situation in detail, as part of a larger effort to integrate North America into a single economic union, is Jerome Corsi’s The Late Great U.S.A.: The Coming Merger with Mexico and Canada (2007). Corsi points out the plan for accomplishing this is exactly the one that was used to implement the European Union (EU) – an “incremental” approach. It was recognized that the people would never accept a European government as a single, massive change, and so this process was implemented gradually. A key figure in this process was Jean Monnet. The process started out with small steps, such as European Coal and Steel Community (ECSC) in 1951 and the European Economic Community (EEC, or “European Common Market”), created by the Treaty of Rome in 1957. The European Atomic Energy Commission was also set up the same day. In 1960 the seven-nation European Free Trade Association was set up, and in 1968 the European Customs Union was created. In 1992, the Treaty of the European Union was signed, forming the European Union. In 2002, the euro was introduced to replace traditional national currencies.

This incremental approach to creating a North American Union (NAU) is well underway. Robert Pastor is a leading proponent of this movement. The passage of the North American Free Trade Agreement (NAFTA) in 1994 was a major step in this direction. In 2005, the US, Canada and Mexico signed the Security and Prosperity Partnership of North America (SPP, or “Waco Declaration”) to further integrate the three countries, with major emphasis on trade. The effort to create a NAFTA superhighway which would allow passage of Mexican trucks into the US without inspection is a major current project.

The US Government Is Selling US Infrastructure to Foreign Entities

There has been a growing movement to sell US infrastructure, such as highways, to foreign entities. These infrastructures are sold for a fraction of their replacement cost. This practice is an affront to the US taxpayers whose hard-earned earnings paid for them. This means nothing to the US government. Through its fiscal policies, it has run up such a massive debt to foreign governments that it is now selling US assets in a feckless attempt to reduce the foreign debt. The only problem is, these assets should not be theirs to sell – they were paid for by the US taxpayer, and their ownership should remain in US hands. The US taxpayer will now be paying foreign entities for use of assets that he built with his own tax dollars. The US government does not care about the US taxpayer a whit, however, except as a source of revenue. Instead of serving the people, it now serves mainly the rich (both within the US and outside it), using the people to generate wealth for them. It taxed the citizen to build this infrastructure, and now it is selling it to foreigners at a fraction of its value. How long will the US citizenry endure this abuse and contempt from its government?

The US government has a long-standing policy of selling US goods to foreigners at a fraction of their true value. After the Second World War, it sold our “Liberty Ships” to Aristotle Onassis for a small fraction of their value, and helped make him one of the richest men in the world. The US government could have restricted this sale of US-taxpayer-built ships to US citizens (a “Sell American” policy), but it chose not to do so. It sold these goods, made by Americans and paid for by Americans to the highest bidder, regardless of nationality. It cares more for money than it does for the US middle class. From its actions, it is clear that the US government – the

governing class – and the ruling class (the oligarchy, the plutocracy) that it serves despise the US middle class. The US wealthy elite and their US government thrall have nothing but contempt and scorn for the US middle class. Why shouldn't they? The middle class is allowing the wealthy elite and the US government to destroy its quality of life, without uttering a peep. The government is waging a vicious war against the US middle class, turning them into impoverished masses as in other oligarchic / plutocratic societies. As the US government imports more and more people from third-world countries, US culture and government are resembling those of third-world countries more and more.

The US people have stood idly by while the government that the Founders established to serve them ("of, by and for the people") has morphed into one that serves the wealthy and enslaves the people. They had a precious thing, but they failed to preserve and protect it, and they lost it. The errors and sins of the US people that led to this loss are many. They granted natural-person rights to corporations; they allowed mass immigration, abandoned assimilation of immigrants and allowed fractionation of the country; they allowed massive international free trade; they allowed open borders; they allowed overpopulation; they allowed government to become much stronger than they were; they did not maintain vigilance; they allowed debt-based money; they allowed compound interest. They did these things partly out of greed for material wealth, and partly out of stupidity (the once-sovereign government and people now serve the wealthy elite – a harsh master). The Founders warned that democracy could survive only with an educated citizenry. It also requires an intelligent and homogeneous citizenry. The United States of the Founders exists no more. That government is dead. The United States is dead. Long live the United States.

Many US Jobs Are Being Exported, and Many US-Based Jobs Are Being Given to Foreigners

Giving Jobs to Foreigners

By now, everyone is well aware that the free-trade programs such as NAFTA and CAFTA and the WTO have caused substantial harm to US wages and employment, particularly in low-skill jobs. The primary motivation for these programs, of course, is that they benefit the wealthy elite. In addition to being devoted to that beneficiary class, it would appear that the US government cares more about raising the incomes of Latinos and Asians in foreign countries than it does for maintaining the standard of living of the US middle class.

Everyone knows that many jobs – both manufacturing and service – have been exported overseas. In addition, the US government invites thousands of foreign workers to the US to take jobs that US workers are able and willing to do – but not at "slave" wages. The H-1B visa program provides jobs to thousands of foreign workers here in the US. These are all jobs that either (1) US workers would have done, had foreign workers not been available; or (2) would not have needed to be done at all, thereby saving the country from the natural-land destruction and energy consumption that accompanies each additional person added to the population. Many people say that immigrants take jobs that no American is willing to do, such as restaurant work, construction work, landscaping work, farm work, meatpacking work, and the like. This is a total lie. If immigrants were not present, *all* jobs in the US would be done by Americans – and willingly (in exchange for wages, in a free society) – just as they were doing prior to passage of the Immigration Act of 1965.

The H-1B program is a complete scam. It was touted as a means of hiring highly skilled foreign workers to fill essential jobs for which no US workers could be found. It has been reported recently, however, that up to 70 percent of the H-1B visa holders are filling low-skill jobs. It is a massive guest-worker program that does nothing but deny US citizens thousands of jobs, consume commercial energy, and destroy natural land (space and infrastructure for immigrants) and quality of life for US citizens. The firms using the most H-1B visas are all US branches of Indian firms (e.g., Infosys, Wipro, Tata Consultancy Services and Satyam, each of which uses several thousand). The fourth-largest-using firm is Microsoft, which uses about 1,000 visas. Seven of the top ten H-1B-visa-using firms are foreign firms.

Many good jobs that American workers would gladly fill are now being given to foreigners. I recently scanned down the list of physicians and surgeons in the current "Yellow Pages" of the Spartanburg telephone directory. Here is a list of some of the foreign names that represent very high paying jobs now held by foreigners / recent immigrants: Ahmad, Ansari, Attab, del Savio, de Ocampo, Desai, Gaikwad, Giep, Gundi, Gupta, Habib, Haddad, Hiremath, Idris, Joshi, Kao, Khan, Kim, Mirza, Morales, Nath, Nguyen, Nguyenduy, Prabu, Rashid, Saeed, Sarmiento, Shah, Srinivasan, Suarez, Tanboulong, Tarazi, Tsai, Yazdy, Yee. On the road leading to my house, there is a large sign advertising a new physician by the name of Patel. If the US did not have a policy of mass immigration, and allowed immigrants only if required by national defense, then none of these high-paying medical-doctor jobs would be held by foreigners / recent immigrants. They would be held by native-culture Americans, or they would not exist (thereby saving much natural land and living space and consumption of commercial energy). Most of the bloated salaries of these foreign-born doctors are paid for from earnings or taxes from the US middle class.

On the Today Show on July 23, 2008, Keith Morrison presented a piece about a former illegal alien who was now a successful US-citizen brain surgeon. He studied medicine because it required a low level of ability in English. This man is now sucking millions of dollars a year out of the US economy. Keith Morrison presented his case in an admiring fashion, as if the man's accomplishment was something that he and the US could be proud of. The man was an illegal-alien criminal invader of our country, who is still leeching off our system, and he deserves to be greeted with a machine gun, not with open arms and adulation.

The US government is promoting giving big salaries to Indians, Chinese, and Middle-Easterners, paid for by the US middle class, while it forces the US middle class to compete in the global economy with people making a dollar a day. It promotes this as a means of destroying the culture and power of the traditional US middle class, through fractionation of the country (paralysis of democracy by tyranny of the minority). *It is your government that is destroying your quality of life, and giving your country away to foreigners, all to generate more income and wealth for the wealthy elite.* What is even more amazing is that the government has not only sold out the middle class to the wealthy, but it has ceded its own authority to the wealthy. The citizens are slaves of the government, and the government is the thrall of the wealthy.

The US government may assert that it is beneficently transforming the US economy from a manufacturing economy to a service economy. But Communist China and India can do much of the service work as well (e.g., off-shore call centers; the development of the Flexcube integrated banking system by the Indian firm Infosys, a Carnegie Mellon University Software Engineering Institute (SEI) Capability Maturity Model (CMM) Level 5 software development firm) – and import their citizens to the US to do much of the rest (such as the physicians listed above). The

US middle class will soon be taking in each other's wash, since we now manufacture so little of what we use.

What is really bad is that many of these people earn salaries of hundreds of thousands – even millions – of dollars per year, and most of that is paid by the US middle class, either through massive medical insurance premiums or via taxes (Medicare, Medicaid, etc.). Because of the US policy of subsidizing medical care, the medical sector now represents over one-seventh of the US economy. Medical costs in the US are the highest in the world. They have been pushed to extremely high levels by government policies aimed at enriching the medical establishment. Almost half of the US population cannot afford medical insurance (or do not have it provided by their employer), and therefore do not have access to basic medical care. But illegal aliens certainly do, at any emergency room of a public hospital – paid for by the US middle class through higher medical prices and taxes.

Funneling of Wealth to the Medical Establishment

The US middle class is being totally ripped off. As a direct result of government policies aimed at benefiting rich doctors, hospitals, pharmaceutical companies and medical-equipment manufacturers, it is being forced to pay bloated prices for medical care – and for free medical care for illegal aliens and their birthright-citizen children. The people filling these jobs come from failed countries and cultures that deny their citizens the privilege of high-paying jobs. With US government help, they are importing their cultures here. They will be the wealthy, and the US middle class will be the impoverished masses that they care nothing for – the same system that they had in their home countries, but now with them at the top.

All three candidates in the current US presidential campaign (Clinton, Obama and McCain) talk about the health-care disaster in the US, but none of them will propose any "fix" that will reduce the flow of money from the middle class to the medical establishment. In fact, their proposals would *increase* the flow of money from the middle class to the medical establishment. Through their calls for "universal health care" they would force everyone to purchase medical insurance, or they would pay for this insurance for those who could not afford it (including illegal aliens) by using tax money, which is taken mainly from the middle class. The net result is that the proportion GDP that will go to medical services will increase, and even more money will be transferred from the middle class to the wealthy establishment (either through premiums that are paid directly by the middle class or by their taxes).

The candidates' call for "universal health care" under the guise of universal health *insurance* is a complete con job for the benefit of the medical establishment. Hillary Clinton has claimed, for example, that she wants to make health care "affordable." That is a complete lie. She does not want to make health care affordable at all. She wants instead to keep the costs at their absurdly high levels, so that almost no one can afford them, so that the only possible way for most people to pay for them is through medical insurance. Furthermore, she wants to keep the costs so high that people cannot even afford the *insurance*! Now that American businesses are balking at paying for this insurance to cover bloated medical costs (it costs about a thousand dollars a month just for basic coverage for a family with no medical problems), her "plan" is to force everyone to have insurance, and to use tax dollars (most of which are from the middle class) to pay the premiums for anyone who cannot afford them. In other words, keep the system exactly the way it is (the highest-cost medical system in the world), and burden the US middle class to pay for it.

The US government has promoted policies to transfer money to the medical establishment for a long time. When I was a boy (in the 1940s), US physicians did not make any more money than other comparably educated people – on the order of five to ten thousand dollars per year. In the 1950s, the US government conspired with the American Medical Association to restrict admission to US medical schools. This would have the effect of reducing supply and driving physicians' salaries up. This plan worked stunningly. By the 1960s physicians were making tens of thousands of dollars per year. Soon, it was hundreds of thousands of dollars per year. Now, many physicians make millions of dollars per year. Other similarly educated technical people, such as scientists and engineers, have not had the benefit of this monopoly / constraint of trade system, and their salaries are a small fraction of this amount. Before long, the supply of physicians was so "tight" that Filipino doctors were being brought to the US, where they received these high salaries. These are well-paying jobs that could have been and gladly would have been filled by native-born US citizens, but the US government, through its policies against the US middle class, "funneled" to foreigners.

When I was young, a typical physician's or dentist's office was in an old home. Now, physicians and dentists operate from luxurious office buildings, which they often own – courtesy of their patients. What a change!

There are many government policies directed at transfer of wealth from the middle class to the medical establishment. One example is patent protection. The government grants patent protection for many years for exotic drugs, for which pharmaceutical companies, shielded from competition, may charge extremely high prices. The pharmaceutical industry and its government thrall argue that this patent protection is necessary to pay for the costly research to develop new drugs. The industry goes to extreme lengths to addict the public to these drugs through intensive television ad campaigns (which were against the law just a few years ago). The fact is that many of these drugs are of limited effectiveness compared to far less costly alternatives and have serious side effects, but physicians are given incentives to prescribe them. The patent protection, which (as a government-granted franchise) should be used to promote the public welfare, is used almost exclusively to the benefit of the wealthy elite. Much of the massive revenue from these patent-protected products goes to increasing demand – the creation of "legal" drug addicts via high-powered television ads. The government approves this legal drug addiction, because it generates much income for the medical establishment. Most of these expensive drugs are not needed at all, and are not justified – their cost far outweighs the benefits that they provide. At best, they do little to improve the average quality of life of Americans, and at worst they substantially decrease the average quality of life (from side effects; decrease in quality of life from income loss resulting from extremely expensive medical treatment; and prolonging of ill-health life). The government makes no attempt to regulate the industry so that it produces drugs that improve the average quality of life. Instead, the pharmaceutical industry is given free reign to milk the public for all that it can, through its government-approved legal-drug addiction program. The government approves the prolonging of life by artificial means even when the patient is in a terminal vegetative state, simply to generate much income for the medical establishment. Much – most – of this unnecessary and inhumane care is paid for by taxes from the middle class.

The US government promotes use of the medical franchise to enrich the medical establishment at the expense of the general public. My wife is diabetic, and takes insulin shots twice a day. In Zambia, where we previously lived, a vial of insulin, which lasts about a month, costs about two dollars. Insulin is an "old" drug, and costs very little to manufacture. Here in the US, we are charged about thirty dollars a vial for insulin. The government supports this rip-off by the pharmaceutical monopoly, and prohibits the importation of low-cost insulin. Our government is

very effective in preventing the importation of inexpensive drugs in order to funnel billions of dollars into the pockets of the medical establishment. It is a shame that it doesn't care as much about stopping imports of cheap shoes, textiles, pottery, electronic appliances and cars, to save jobs for our people. In most of Africa, mefloquine (antimalarial) tablets cost about a dollar apiece (in some places, up to three dollars apiece). Here in the US, the cost is $15 per tablet. In Africa (where I lived before moving back to Spartanburg), cough medicine containing codeine costs about $5 per bottle, but I recently was required to pay $35 for a bottle of cough medicine with codeine. Instead of codeine, the US product contains dangerous chemicals that cause severe prostate problems – generating much additional business for the medical establishment! The US consumer has no choice – the prices are set by the government-licensed medical franchise. The US government approves, promotes, enables and enforces this total "rip off" by the US medical establishment. This practice is simply a means of transferring wealth from the middle class to the wealthy elite medical establishment.

I recently suffered a "transient ischemic attack," or "ministroke." The doctor prescribed daily doses of Plavix (clopidogrel), costing about five dollars a pill. I immediately suffered bad side-effects from the Plavix, which included a swollen tongue. I did a quick search of the Internet to find out about Plavix. I could not find any information that it was more effective than aspirin, which costs a few pennies a pill. I asked my doctor about this, and he told me that aspirin was about 90 percent as effective as Plavix. Why would a physician, without discussion, prescribe a medication that is only marginally better than aspirin, but costing hundreds of times more and having serious side-effects? Go figure.

This section has dealt with employment for wages or salary. In addition to giving good jobs to foreigners, the US government has set up massive programs (e.g., the Small Business Administration 8(a) program) to assist foreigners in setting up and operating businesses in the US. These businesses transfer billions of dollars of income and wealth to foreigners. All of this wealth did not have to go to foreigners. It could have gone to native US citizens, or not have been produced at all, at a great saving of energy and damage to the environment. Amazingly, billions of dollars in trade is given both to Asian firms in Asia and Asian counterpart firms in the US, with no benefit and much cost to the US middle class.

Early in my career as a professional statistician, I was surprised to discover that the US government had a program for providing statistician services free of charge to third-world countries who requested them (a US government statistician was posted to the foreign country under an arrangement called a "PASA"). This policy discriminates heavily against private-sector statisticians, eliminating employment opportunities and depressing their wages – and paid for by income taxes from the US middle class. My tax dollars, being used to reduce my employment and income opportunities. My, my, my. Such policies do not endear one to his government.

When I was a small boy, I had a recurrent dream about an older man who went each day to the park to feed peanuts to pigeons. Each day, there were more and more pigeons. One day, there were a massive number of pigeons, and the man ran out of peanuts. The pigeons turned on the man, swarming over him, pecking at his flesh and eyes, killing him. I asked my father what this dream meant. He told me that the old man represented the United States and its extreme assistance programs (domestic and international). In its zeal to help others, the US has neglected its own people and its own survival.

Discrimination against the Capable

Since I do a fair amount of international travel, I make sure that I have recommended immunizations for international travel. About the only place that you can get vaccinations any more is from local public health clinics. When I lived in Clearwater, Florida, I would visit the public health clinic for Pinellas County. Now that I live in Spartanburg, South Carolina, I visit the Spartanburg County Health Department.

Except for people getting immunizations for foreign travel, most of the people visiting public health clinics are poor. They are black, Hispanic, or a variety of foreign-immigrant stock. In my recent visit to the Spartanburg County Health Department clinic, there were a number of Vietnamese and Hmong. (Many Hmong have been settled by the US government in the Camp Croft area of Spartanburg. There is now a Buddhist temple in that area, and all of the local dogs have disappeared.) These people pay nothing for their medical care, or for their immunizations. I am required to pay substantial sums, often in the hundred-dollar range.

Since I can afford the fees, and since I believe that capable people should pay for services rendered to them, I have no problem with that. The thing that is really galling about these visits, however, is that I am forced to stand in line behind the people who are paying nothing, and are getting free service at my expense – paid for by my tax dollars!

Discrimination is one thing. I don't mind very much being discriminated against on the basis of wealth or income, but, as the payer I resent very strongly having my nose rubbed in it. I pay twice for these services – once through my taxes to provide them to the poor, and again to pay for them whenever I use them. If I am paying a use fee and others are not, then I expect to be served first. In fact, since most of the clients at public health clinics are receiving the services at low cost or free at the expense of the taxpayers, and only a few taxpayers (such as I) are paying again for these services at the clinic, it makes sense (would increase the clinic's expense little and eliminate taxpayer dissatisfaction over the issue of double payment) that I should receive the services at no higher cost. Radical egalitarianism is alive and well in county health departments, except when it comes to fees, when the rule is "stick it to the taxpayer." One more example of where illegal aliens are being given a free ride, paid for by the US middle class. In this case, you are not only forced to pay for their free care, but to wait in line behind them while they are served first – and then pay for the services a second time! Doesn't this just make your blood boil? The bleeding-heart liberals of the government may claim that it does not want to make the poor people feel inferior. But in this situation, they ***are*** inferior. The government cares more about the feelings of illegal aliens and the poor than it does the people who are paying the taxes and fees for the services. This sort of nonsense cannot continue for long.

A recent issue of *Time* magazine (August 27, 2007, "Failing Our Geniuses") described the situation where our schools discriminate strongly against capable students. Here follows an excerpt from this article.

"In a no-child-left-behind conception of public education, lifting everyone up to a minimum level is more important than allowing students to excel to their limit. It has become more important for schools to identify deficiencies than to cultivate gifts. Odd though it seems for a law written and enacted during a Republican Administration, the social impulse behind No Child Left Behind is radically egalitarian. …since at least the mid-1980s, schools have often forced gifted students to stay in age-assigned grades – even though a 160-IQ kid trying to learn at the pace of average 100-IQ kids is akin to an average girl trying to learn at the pace of a retarded girl with an IQ of

40. Advocates for gifted kids consider one of the most pernicious results to be 'cooperative learning' arrangements in which high-ability students are paired with struggling kids on projects. Education professor Miraca Gross of the University of New South Wales in Sydney has called the current system a 'lockstep curriculum … in what is euphemistically termed the 'inclusion' classroom.' The gifted students, she notes, don't feel included."

The US Government Sues the Salvation Army over Its Use of English

As crazy as this may seem, the US government has sued the Salvation Army over its policy of requiring that its employees speak English on the job. The US government is determined to cram foreign culture down the throats of its citizens, as part of its programs of culture fractionation and destruction. Every place that mass immigration of Mexicans has occurred, English-speaking citizens can no longer get jobs dealing with the public, such as teachers, bank tellers, and the like. Like a cancer, the US government wages war on its own citizens.

As Lou Dobbs has pointed out, the US government has declared war on the middle class. It is simply a matter of time until they react to this assault. The US government has committed treacherous violence against the US middle class for several decades, and the day of reckoning for this treachery is fast approaching. The 9/11 attacks were the direct result of our loss of security from the government's policies of open borders and mass immigration. The deaths of thousands of US citizens killed every year by immigrants are directly sponsored by the US government, and continue, year in and year out. Through its policies, the US government is directly responsible for the killing and maiming of thousands of US citizens every year. The US government is a treacherous instrument of the wealthy elite that has turned against the middle class.

In May, 2008, it was reported that St. Anne's Catholic School in Wichita, Kansas, was being sued over its policy of requiring students to speak English at all times while at school. In August, the court found in favor of the school, stating that it was fully within its rights to require that English be spoken. US District Judge J. Thomas Marten stated further that "It is regrettable that members of the legal profession who see the law merely as a tool for conflict or to use to advance their personal political agendas, are using linguistic diversity as a weapon…. This case should never have been in court."

The "Dream Act" Is an Affront to the US Middle Class

Recently, President Bush and Congress tried to cram an illegal-alien amnesty bill down the US public's throat. This bill would have offered more than just amnesty (euphemistically called a "fine" by the government) to millions of illegal aliens (for their crime of illegal invasion) – it would reward them with a "path to citizenship." It would have granted many benefits to illegal aliens, such as in-state tuition. It would have granted each illegal the right to legal representation while his "case" was being considered. It was a massive boondoggle to reward illegal aliens for their criminal act of invading the United States, and to generate billions of dollars in business for immigration lawyers – all paid for by taxes from the US middle class. It would have made citizens out of millions of criminal invaders. It would have added a massive financial burden to the US middle class. It was called the "Dream Act." The "dream," of course was for the wealthy elite and their thrall governing class – and immigration lawyers. Fortunately, the public outrage over the bill was so strong that it was defeated.

That doesn't matter. Congress is now working on other ways to accomplish exactly the same thing, as a continuation of its policy of growth-based economics. The wealthy elite and the US government want about three million immigrants per year, and it is going to have them, no matter what. It already processes about a million legal immigrants a year. One might say that it really messed up – it should have been processing three million per year (to achieve its objective of an economy growing by an additional one percent per year). If it had, then the entire illegal-alien problem would never have occurred.

All three of the US presidential contenders – Hillary Clinton, Barack Obama and John McCain – are in favor of allowing illegal aliens to remain in the US, granting them amnesty for their crime of illegal invasion (euphemistically represented as "paying a fine") and providing them with a "path to citizenship." (The "fine" that would be imposed would be as small as a few thousand dollars – announcing to the world that US citizenship is now for sale for a few thousand dollars.)

The US government is bent on a population policy of mass immigration, because that is good for the "growth-based" economics on which the country is based. The illegal-alien problem is a minor thorn in its side. It will soon find a way to increase legal immigration to massive levels, so that the illegal-alien problem disappears.

There Is Resentment that the US Government, through Its Policies of Mass Immigration, Massive International Free Trade, Open Borders, and Serving of the Wealthy Has Caused a Profound Decline in the Quality of Life for the US Middle Class

Through its policies of mass immigration, massive international free trade and open borders, the US government has caused a profound decline in the quality of life of the US middle class. The fact that the government now serves mainly the wealthy elite (e.g., by policies aimed at inflating the cost of medical care) has caused a further decline. The general issue of the decline in quality of life will be addressed in a later section. There are really two issues here. The first is the effect of the decline in quality of life, irrespective of the cause. If quality of life declines, the citizens of a country are not happy and tend to blame the government, even if the government is not directly at fault. In the case of the United States, however, the decline in the quality of life that the middle class has experienced over the past several decades is directly a result of the US government policies of mass immigration, massive international free trade, open borders, and policies designed to transfer wealth from the middle class to the wealthy. Very little of the decline that has occurred so far is from external forces beyond the control of the US government. Eventually, external forces such as the decline in global oil production, species loss and global warming will cause a decline in the quality of life for everyone, but the effect of this on the US middle class citizen to date has been small. There is dissatisfaction that the quality of life has declined. There is anger and rage, however, that this decline has been caused almost solely by the US government.

Virtually every area in which the quality of life of the US middle class has declined is a direct result of US government policies designed to benefit the wealthy elite. The resentment over this is growing. With the passing of Peak Oil, there will be a dramatic and rapid decline in the quality of life for the US middle class. The degree and extent of this decline will be profoundly exacerbated by the US government policies designed to benefit the wealthy, such as mass

immigration. The passing of Peak Oil is not caused by the US government, but its effects will be profound, and measurably worsened by the US government's aforementioned policies. When the effects of Peak Oil become manifest in the US – and this is just a matter of time – the US middle class will vent its anger against the government for exacerbating the problem. This reaction will mean the end of the US government, and for the wealthy elite who control it.

There Is No Way Out for the Middle Class

Prior to the mid-term elections in 2006, there was much talk that the Republicans were not doing right, and that they would pay for this in the mid-term elections. I commented to a number of people that these elections would make no difference at all, that the Democrats were made of the same cloth as the Republicans, and nothing would change.

Well, the Democrats were elected in large numbers. And what has happened? Nothing. Things did not change at all! Things are exactly the same as before! The approval ratings of Congress and the President are still very low – in the 20 percent range.

This past June (2008), local elections were held in Spartanburg. *All* of the incumbents were defeated. It is not that they were unusually inept in doing their jobs – the problem is that the electorate is dissatisfied with the system, and cannot do anything through voting except replace everyone. I recently heard a prominent person on television state that, since there is no real choice in the US presidential election, he will not vote for president (he will still vote, just not for president). The system no longer serves the people, and the candidates no longer serve the people. It does not matter who is running – for major elections (which are of concern to the wealthy elite) the only candidates who have any chance of winning represent "the system" – the wealthy elite. Changing the incumbents – the faces – does not change the system. US citizens are seeing more and more that simply replacing the incumbents with others from the same system accomplishes nothing. They are becoming very frustrated. This cannot continue for long.

Under the US system of government, the US voter has no choice whatsoever. It costs a lot of money to run for national elective office, and almost all of this money comes from the wealthy elite. The system is tightly controlled by the wealthy elite. Under our current system, nothing is going to change. The governing class will continue to kow-tow to the rich, and the war against the middle class will continue. Short of revolution, there is no way out. The country will eventually collapse from its rotten corruption, or from revolution. The system that got us into this mess and perpetuates it will not get us out of it. (With the passage of Peak Oil, the current system will end anyway, so the demise of the US system is assured either way. As I have mentioned elsewhere, the system of large human numbers and global industrialization will soon collapse in any event—all that matters in the long term is what the state of the biosphere is when the current system collapses, and whether a long-term-sustainable system (for mankind and the biosphere) will replace it.)

There is an increasing awareness that the current system cannot be changed by itself. Concomitantly, there is a growing movement afoot to promote the secession of states from the Union, such as the League of the South, Christian Exodus and the Second Vermont Republic. (See Wikipedia entry for secession for more on this at http://en.wikipedia.org/wiki/Secession .) These movements are feckless. Recall the US government's response to South Carolina's

secession in 1861 – a bloody four-year War Between the States ("civil war") and a million deaths.

As mentioned, John Brigham identified three major threats to constitutional democracy in the US: the Elites, the People, and the Experts. The country is now totally under the control of the wealthy elites and the experts (technology, industry). Two nails have been driven into the coffin. The third nail, representing the threat from the people, is about to complete the seal.

Quality of Life Is Declining for the US Middle Class

Over the past half-century, the quality of life has dropped substantially for the US middle class. As discussed earlier, this decline has been the direct result of US government policies of mass international free trade, mass immigration, open borders, and programs to benefit the wealthy at the expense of the middle class. When the passage of Peak Oil occurs, there will be a very substantial further decline in the quality of life for the US middle class, and this decline will be exacerbated by the just-mentioned government policies.

The topic of the decline in the quality of life for the US middle class has been the subject of many books, including those listed below. Because many of them are "best sellers" and locally available at bookstores or public libraries, I will not discuss most of them in any detail here. If you are over sixty years of age, or have a relative over sixty, you know how much the quality of life in the US has declined for the US middle class since 1950. The fundamental reasons for the decline in the quality of life for the US middle class are: (1) the placing of the US worker in direct competition with low-wage foreign workers by massive international free trade, requiring the wife to go to work (so that each home had two full-time workers outside the home instead of one); (2) the further impoverishment of the middle class workers by means of government programs, policies and institutions that transfer wealth from the middle class to the wealthy; (3) the destruction of natural land and the environment because of mass immigration (causing the conversion of millions of acres of natural land to infrastructure) and a variety of ills from overcrowding (long commutes, crowding, massive increase in prices for land and homes, social instability); and (4) dramatic decline in security from open borders (as well as massive international free trade and mass immigration).

<u>Recent Books:</u>

- The Long Emergency, by James Howard Kunstler (2005, 2006)
- The Web of Debt, by Ellen Hodgson Brown (2007, 2008)
- Free Lunch, by David Cay Johnston (2007)
- Dangerous Business, by Pat Choate (2008)
- Chain of Blame, by Paul Muolo and Mathew Padilla (2008)
- The Uprising, by David Sirota (2008)
- The Late Great USA, by Jerome R. Corsi (2007)
- War on the Middle Class, by Lou Dobbs (2006)
- Exporting America, by Lou Dobbs (2004)
- Independents Day, by Lou Dobbs (2007)
- The Real America, by Glenn Beck (2003)
- An Inconvenient Book, by Glenn Beck (2007)
- It's Getting Ugly Out There, by Jack Cafferty (2007)

- I Am America (And So Can You!), by Stephen Colbert (2007)
- Dude, Where's My Country, by Michael Moore (2003)
- The Official Fahrenheit 9/11 Reader, by Michael Moore (2004)

Older Books:

- The City in Mind, by James Howard Kunstler (2001)
- The Geography of Nowhere, by James Howard Kunstler (1993)
- Home from Nowhere, by James Howard Kunstler (1996)
- Corporations Are Gonna Get Your Mama: Globalization and the Downsizing of the American Dream, by Kevin Danaher (1996)
- The Dangers of "Free Trade," by John Culbertson (1985)
- America: What Went Wrong? by Donald Bartlett and James Steele (1992)
- The Great Betrayal, by Louis March and Brent Nelson (1995)
- To Harass Our People: The IRS and Government Abuse of Power (1985)
- What Uncle Sam Really Wants, by Noam Chomsky (1992)
- The Prosperous Few and the Restless Many, by Noam Chomsky (1993)
- Secrets, Lies and Democracy, by Noam Chomsky (1994)
- The Government Racket: Washington from A to Z, by Martin Gross (1992)
- A Call for Revolution, by Martin Gross (1993)
- The Tax Racket: Government Extortion from A to Z (1995)
- The Autobiography of Malcolm X, as told to Alex Haley (1964)
- By Any Means Necessary, by Malcolm X (1970)
- The End of White World Supremacy: Four Speeches by Malcolm X (1971)
- Malcolm X Speeches at Harvard (1991)
- By Any Means Necessary, by Spike Lee (1992)
- Malcolm X As They Knew Him, by David Gallen (1992)
- Quotations from Malcolm X's speeches from the recording (tape cassette and compact disk) Malcolm X: An NPR® Presentation (P) 1992 by Dove Audio.

The Effects of Mass Immigration

On average, every immigrant to the US destroys one acre of natural land, through its conversion to roads, parking lots, houses, schools, hospitals, office buildings and other infrastructure. By 1973, the US birth rate had stabilized to "replacement" level – an average of two children born to each woman in her lifetime. That year, the US population was about 212 million people. The US had achieved the so-called "demographic transition" from high population growth to stable population. With the passage of the Immigration Act of 1965, however, this very significant achievement was thrown away. Since then, we have added close to one hundred million people to the US population, a majority of them immigrants and their progeny. (Furthermore, recent immigrants have high birth rates. The US fertility rate is now quite high for large subpopulations (e.g., Latinos) and the overall fertility rate is now increasing to levels significantly above replacement level – 2.06 in 2000 and 2.09 in 2007.) As a direct result of the passage of the Immigration Act of 1965, America has deliberately destroyed about one hundred million acres of natural land.

Mass immigration, along with massive international free trade, has gone a long way to destroying the quality of life for the US middle class. This has been accomplished in several ways. First, by placing the US worker in direct competition with foreign workers making just a

few dollars a day, the once-high income levels of the US middle class have been eroded. Second, fifty years ago the average American family could be supported by a single person working in the competitive labor force. Today, both parents must work. Because the population has increased by fifty percent, cities have expanded and urban sprawl has increased to the point where the commute times to work are very long and the price of housing near cities has skyrocketed. Economists love this – because of the immigration-fueled population explosion, demand for everything has skyrocketed, sending prices through the roof and generating much wealth for those who control the economy. Because of the US population explosion, most US citizens can no longer enjoy owning a farm or a cottage on a lake, in the mountains, or at the seashore, because the massive population increase has pushed demand through the roof and put those amenities out of reach. In fact, much of the US middle class cannot now afford to take easy or affordable advantage of the country's natural wonders, such as camping in a national park or white-water rafting down a wild river. The damage to the environment that is caused by mass immigration is not limited to the US territory. On average, each immigrant to the US from a poor country consumes up to ten times as much commercial energy as he did in his home country. This energy consumption is associated with corresponding increases in the burning of fossil fuels, with the resultant atmospheric pollution and, it seems, global warming.

Since passage of the Immigration Act of 1965, the US has been flooded with people from other cultures, many of them quite inimical to the culture that founded this country and made it great. The massive waves of immigrants since 1965 have not been assimilated into the prevailing (traditional, WASP) US culture, and the government has passed laws giving special treatment to immigrants, including provision of free social, economic and health benefits – including birthright citizenship for illegal aliens' babies, who then become "anchor babies" through which their criminal parents may acquire US citizenship for themselves and other relatives! Because of the massive population explosion that has been promoted by the US government, the original population now endures the loss of quality of life associated with overcrowding. As noted, many of the immigrants are from cultures that are inimical to US traditional culture, cultures of corruption and disdain for the common citizen. The US government is transporting these cultures wholesale into the US, and transforming the US into a third-world country in terms of economics, environment, and culture.

The United States did not need to add 100 million more people to its population – the birth rate had stabilized when it reached 200 million in 1973. In 1973, the US had its first major energy crisis, following the "Arab oil embargo." It did not have oil resources for any more people – US oil production peaked in 1970. The country's leaders added 100 million more people to the US population solely out of greed – the country generated more wealth for the wealthy elite with 300 million people than with 200 million people. The fact that the environment is destroyed, the living space becomes cramped, and the quality of life becomes diminished for the middle class, is of no concern for the country's leaders or the wealthy elite who control them.

Destruction of the Middle Class; Transfer of Wealth from the Middle Class to the Wealthy Elite

The simple fact that the quality of life is declining, even to low levels, is not necessarily a cause for resentment against the government. The quality of life has been low for most of humanity for most of history. What is different now is that the US middle class once had a very high quality of life, and the US government, through its policies of mass immigration, massive international free trade and open borders, has destroyed it. The current decline in the quality of life for the US middle class is a direct result of action by the US government, in its program to serve and enrich the wealthy elite. That the government that was established to serve the people has now turned on it, serves the wealthy, and has destroyed the quality of life for the middle class

renders the situation intolerable. Just as Americans rebelled when England's King George III ignored their grievances, the US middle class will soon rebel against its government, which has not only abandoned them, but committed treason against them and turned against them.

The Founders of America established a system that led to something that the world had never seen before – a large country with a large, well-off middle class. This was really something special. They founded a government that served the people. Today's citizens and leaders have thrown that away – or, more correctly, collaborated in its destruction.

In his books, The Prosperous Few and the Restless Many (1993) and Secrets, Lies and Democracy (1994), Noam Chomsky discusses (via interview by David Barsamian) the transfer of wealth from the middle class to the wealthy, the declining wages of US workers, and the transformation of the US into a third-world country. Here follow some excerpts from those works.

From Secrets, Lies and Democracy

Chomsky makes the point that much wealth is transferred from individuals to corporations by means of the tax system. This is done by a number of means, including funding of basic research, subsidies to corporations and tax breaks given to corporations as inducements to locate in particular communities. Since most of the federal tax revenue is collected from individuals rather than corporations, these actions are in the main transfers of income from individuals to corporations. (In 2007, 80 percent of federal tax revenues were collected from individuals, and only 20 percent from corporations and other sources (such as excise taxes) (source: The Tax Policy Briefing Book: A Citizen's Guide for the 2008 Election, and Beyond (2008), Tax Policy Center, Urban Institute and Brookings Institution).)

"We have a dual system – protection for the rich and market discipline for everyone else. [Barsamian: I was struck by an article in the New York Times whose headline was, "Nation considers means to dispose of its plutonium." So the nation has to figure out how to dispose of what was essentially created by private capital.] That's the familiar idea that profits are privatized but costs are socialized. The costs are the nation's the people's but the profits weren't for the people, nor did they make the decision to produce plutonium in the first place, nor are they making the decisions about how to dispose of it, nor do they get to decide what ought to be a reasonable energy policy.

"…the idea that corporations don't ask government for help is a joke. They demand an extraordinary amount of government intervention. That's largely what the whole Pentagon system is about…. …war scares that were manipulated in 1947 and 1948 to try to ram spending bills through Congress to save the aeronautical industry…. Huge industries were spawned, and are maintained, by massive government intervention. Many corporations couldn't survive without it. The public provides the basic technology – metallurgy, avionics or whatever – via the public subsidy system…. The same is true just across the board. You can hardly find a functioning sector of the US manufacturing or service economy which hasn't gotten that way and isn't sustained by government intervention."

Chomsky has much to say on the fact that US government policies are suppressing wages for US workers, and transforming the US into a third-world country. The principal means by which this is accomplished is globalization, which is promoted by using debt as the basis for money (on which I will say more later).

Additional excerpts from Chomsky's books are presented in the Appendices.

In addition to considering the general transformation of the US to a third-world country, Chomsky also specifically discusses the effect of free trade on depressing wages of US workers.

While many of Chomsky's observations and comments are on the mark, his implication that democracy would address some of the fundamental problems is misplaced. Democracy is now a tool of the wealthy in achieving their goals. Although the US Founders set up a government for the people, the US government has now been "hijacked" by the wealthy elite. John Brigham identified three major threats to constitutional democracy: the Elites, the People, and the Experts (Brigham was referring here to legal experts). The Elites, working in conjunction with the Experts, have stolen control of the government from the US people. The government now works for them, not for the people.

Socializing the Costs and Privatizing the Benefits; The Right of Eminent Domain; Tax Breaks and Tax Forgiveness; The S&L Scandal

Chomsky makes the point that in many instances government programs and policies socialize the costs and privatize the profits. This feature of American government is discussed at length in David Cay Johnston's book, Free Lunch (2007). Some of the examples of this phenomenon, described at length in Johnston's book, are the following:

1. Under the arrangement by which US rail carriers use the nation's railways, they are absolved from any liability for damage or death to passengers, even if due to their negligence: taxpayers pay all passenger-related claims.

2. With US government support, American scientists and engineers developed very powerful magnets (using the rare earth neodymium), which are now used extensively in military and civilian applications (such as speakers, missile guidance systems, and motors). The US government allowed the transfer of this technology to China. China was permitted to purchase all US firms that constructed such magnets, constructed magnet production facilities in China, and then closed down the US firms. The US now has no production capability in this important area, which it developed. (The same thing happened with video cameras – they were invented in the US, and the technology was given to Asia.)

3. US municipalities routinely seize private property through the right of eminent domain, and allow private firms and individuals to make fabulous profits from the condemned land. Most of these profits are from the value of the land. This value, derived from destroying ("developing") land, should logically have accrued to the public, not to a small number of wealthy developers. Examples of this include the following.

   a. Under Mayor Rudi Giuliani, Mullaly Park and part of Macombs Dam Park were confiscated and demolished. A sports stadium, Yankee Stadium, was constructed on this site, at a cost exceeding 600 million dollars, paid for by the public. Most of the value from this action accrued to George Steinbrunner, owner of the New York Yankees baseball team. This action represents a massive subsidy to Steinbrunner, the cost of which was born by the public (loss of the parks, and transfer of the value from their commercialization to Steinbrunner). The government has granted a monopoly to private individuals to operate major

sports teams (baseball, football, basketball, hockey). Johnston points out, "In effect, the billionaire owners of the 30 Major League Baseball teams receive a transfer of wealth from the taxpayers just by moving a failing team to a city willing to lavish more than a half billion taxpayer dollars on a a new stadium." Johnston observes, "Normally these restraints on trade would be a crime under the antitrust laws. But the Supreme Court in 1922 and again in 1953 exempted Major League Baseball from the laws of competition…. This exemption from the laws of competition is crucial to their power to extract subsidies. Without the power to control who can own a team and where it plays, the ability of team owners to extract subsidies would weaken and perhaps even evaporate….In a free market anyone with the necessary capital could start a team and compete. This is just how soccer works in Britain. It also explains why Britain has so many more teams, 13 in greater London alone at last count. Their admission prices are much lower than American commercial sports teams." The value of the public land gifts in the Steinbrunner Yankee Stadium case were valued at $275.8 million. When Johnston asked Randy Levine, the Yankees' president, about the morality of this gift, Levine replied that gifts from taxpayers to those who invest in big projects "are the way government works today."

b. The US Navy paid $450 million to Steinbrunner for shipbuilding. Steinbrunner produced nothing for this payment. The $450 million payment was a massive transfer of tax funds, mainly from the middle class, to the wealthy.

c. In the 1970s, George W. Bush (current US president) put together a partnership to develop a sports stadium for the Texas Rangers baseball team. This effort accomplished the condemnation of the Mathes family's Arlington horse ranch, for which they were initially offered $800,000 and later, after protest, $5 million. The subsidy of the city of Arlington for this project was valued at $202.5 million. Johnston recounts, "The investors that Bush assembled paid $86 million for the Rangers ball team, and sold it for $250 million. The $164 million profit was $38.5 million less than the subsidy." In this case, all of the wealthy generated by this project was subsidized by the public. Bush made $17 million on this deal. All of this value was obtained from land, and the profit from destroying the land (converting it from natural use to concrete and steel) should have logically accrued to the public, not to the private destroyers of the land.

d. Through elaborate and intensive programs of lies, deception, distortion, subterfuge and incentives, retailing giants such as Cabela's sporting goods store chain and Wal-Mart department store chain induce local communities to grant them incredible tax advantages. These advantages are paid for by the middle class, through their taxes. The profits go to the retailers. Socialize the costs and privatize the benefits. (The replacement of small local businesses by retailing giants such as Cabela and Wal-Mart is not only a rip-off off middle-class taxes, but it is socially destructive. A local hardware or sporting goods owner / manager making a good salary on his own may be lucky to make $13.50 an hour as a department manager supervising people making $8.00 an hour. In many cases, the community never realizes the economic gains promised in unrealistic projections and scenarios. The megaretailer supports fewer jobs at lower wages – but a lot more money for the wealthy elite.)

In his book, Johnston provides detailed description of numerous examples of the rip-off of the middle class to funnel wealth to the wealthy elite.

I had lunch a few days ago with friends, one of whom recounted a local example of the government's transferring massive wealth to the wealthy, using taxpayer money. There were 2300 acres of natural land, including an impressive waterfall, up for sale near Brevard, North Carolina. There were three bidders for the land, including the State of North Carolina. The top bid was nine million dollars, and the State's bid was eight million dollars (this was a luncheon conversation, so the amounts I am citing may not be exact). The State could have paid the nine million dollars and taken the land (under the right of eminent domain), but declined to do so. The winner (a developer friend of my friend) put in some gravel access roads and surveyed lots for a housing development. The State then changed its mind, and decided that it wanted the land. The developer had put a price tag of $500,000 on each lot, so that the putative value of the property was now 23 million dollars. The State paid the developer 23 million dollars for the land. All of this money came from taxpayers. It should have been reasoned that the developer should get his nine million dollars, plus the money he spent on putting in the gravel access roads and surveying the lots – a few thousand dollars. Instead, the State granted the developer a fabulous windfall, all courtesy of the North Carolina taxpayer.

Use of the right of eminent domain is an egregious example of how government transfers vast riches from the public to the wealthy. Johnston recounts many other examples of ways in which governments transfer taxpayer money to the wealthy elite, including the granting of tax subsidies (in which a developer or new industry locating in a community pays no taxes for many years and the foregone revenues are replaced by the middle class taxpayers); direct subsidies to housing developers; granting of city-owned land to developers; refusal to develop land registry systems, so that private title insurance companies collect unnecessary fees forever, and lawyers are paid excessive fees to facilitate property transfers (in stark contrast to Britain, where transfer of land costs a mere $25, in 2005 a single title insurance company (Stewart Information Services of Houston) collected $1.9 billion in title insurance premiums); use of public funds (e.g., the US government's "Superfund") to pay for pollution caused by private firms; privatization of public services such as water, sewer, garbage, electricity, communications, transportation, medical services, public safety and defense services, allowing private firms to make billions of dollars in profits, all representing excess charges to consumers; granting of patents and franchises to private firms to make excess profits (e.g., pharmaceutical products, sports franchises); failure to prosecute white-collar criminals, such as those who change dates on stock options.

Most of the schemes by which government transfers taxpayer funds to the wealthy are well disguised, such as tax forgiveness and franchises, rather than out-and out grants. In many cases, the taxpayer cannot see an actual transfer of tax dollars to the recipient – the taxpayer just pays more in taxes and the beneficiary pays less, or the beneficiary realizes his profit in a transaction following the condemnation and transfer of land. Cay does not discuss the outrageous practice of allowing heads of financial institutions to make (and keep!) incomes of tens of millions of dollars per year, and then covering their losses with taxpayer funds when their firms go bankrupt (such as in the case of Fannie Mae and Freddie Mac).

Neither does Cay document the Savings and Loan scandal of the 1980s, under which US taxpayers covered losses to the tune of $150 billion (small by the magnitudes of today's financial scandals, but a massive amount in the 1980s). The details of this scheme for funneling billions of dollars of taxpayers' money into the pockets of wealthy bankers are presented in the book, Chain of Blame (2008) by Paul Muolo and Mathew Padilla. The mechanism by which the

government promoted and accomplished this vast transfer of wealth from taxpayers to bankers was much simpler than the mechanism used today (securitizing bundles of mortgages; creating very complicated derivative instruments based on mortgage debt). All that was done back then was for the government to insure the accounts of S&L depositors (to $40,000 until 1980, and to $100,000 from 1980), and then "deregulate" the S&Ls so that a single investor could own a Savings and Loan and invest in anything, not just home mortgages. Investors flocked to set up new S&Ls, invested in risky projects, paid themselves massive fees, and allowed the S&L to fail – the US taxpayer then picked up the tab, as the industry crashed. Here follows an excerpt from Chain of Blame, summarizing the history of the S&L fiasco:

"When [President] Reagan signed the Garn-St Germain bill, he said the legislation would create more housing, more jobs, and growth for the economy. 'All in all,' he proclaimed, 'I think we've hit the jackpot.'

"The bill, which applied only to S&Ls that were incorporated using a federal charter, allowed these insured depositories to invest 40 percent of their assets in nonresidential real estate. This was a huge change for an industry that had done one thing and one thing only for 150 years – have all of its deposits in home mortgages. It also allowed S&Ls to have just one shareholder {Footnote: Previously, the rule mandated that there be a minimum of 400 shareholders with no one owning more than 25 percent}, and in a move that attracted real estate developers of all stripes, it permitted an entrepreneur to purchase an S&L and capitalize it using noncash assets such as land. The developers noticed. They began buying thrifts or starting them from scratch (*de novo*). And there was one last ingredient that led to the S&L mess: State legislatures saw their power (and donations from real estate and financial servicebusinesses) begin to decline because the federal S&L charter had been liberalized. (Why give money to state pols when the power rested with the feds?) Some states decided to best the Garn-St Germain Act by offering owners of state-chartered S&Ls even greater investment powers. That's where California assemblyman Pat Nolan came in.

"Two things were golden in California: its hills and its housing market, a market that was financed by S&Ls. A Republican from Glendale, Nolan {Footnote: In 1988 Nolan, who had become California Assembly minority leader, resigned his position amid reports that he and other state legislators had been targeted by an FBI sting operation investigating influence peddling and political corruption. Nolan denied all wrongdoing.} was an associate of a number of S&L executives. He sponsored the Nolan Act, which became state law in early 1983, a few months after Reagan signed the bipartisan Garn-St Germain bill. The Nolan Act made Garn-St Germain look conservative by comparison. To motivate entrepreneurs to open new (or buy existing) California-chartered S&Ls, the law allowed virtually anyone to own a thrift, attract as many deposits as they could, and invest 100 percent of those deposits not just in real estate (commercial or residential) but in an asset class called 'direct investments.' What was a direct investment? Answer: anything you wanted. Really.

"The Nolan Act ignited a rush by real estate developers to open new S&Ls – from south of San Diego up north to small nook-and-cranny towns scattered around Santa Rosa in the Napa Valley. The only thing the state required – besides a valid application – was that the person or persons owning the new thrift have a minimum net worth of $2 million (and land counted). 'Can you imagine?' later remarked Edwin Gray, chairman of the Federal Home Loan Bank Board (FHLBB), the nation's federal S&L regulator. 'Any business, any entrepreneur [in California] could get a charter and could run whatever operation he wanted on the credit of the U.S. government. Imagine that. You could choose any business you wanted to be in. Just incredible.'

“Gray, a former PR man for Reagan when he was governor of California, was stuck with the job of overseeing a whole new breed of S&L operator. {Footnote: Gray inherited the job in May 1983 from Richard Pratt, a college professor from Utah and a crony of Senator Garn's, After leaving the FHLBB, Pratt would become a top executive at Merrill Lynch. His tasks included, among other things, convincing S&Ls to securitize residential mortgages through Merrill.} He had one major disadvantage – a lack of bank examiners. The philosophy of the Reagan administration was that deregulation meant fewer regulators and examiners, so their numbers were cut. At the same time, many states trimmed their examination staffs as well. This new generation of S&L operator—particularly in California—had nothing in common with George Bailey. Few of them would make home mortgage lending their mission. After Garn-St Germain and the Nolan Act, it wasn't long before a whole new round of S&L failures rippled across the United States like a trail of fallen dominoes. The autopsy of each looked much the same as the others: A developer buys or starts a savings and loan and begins financing commercial projects that he has a stake in, usually paying himself huge development fees and not worrying much about the financial viability of the deal.

“In time, the S&L crisis—thanks to federal and then state deregulation – would cost the American taxpayers $150 billion, and that didn't even include the interest costs on the government borrowing that much money. Wall Street had a role in the crisis as well. When deregulation came along, Merrill Lynch saw a business opportunity and jumped on it. S&Ls accepted two types of deposits, retail accounts from their neighborhood customers (the little old ladies with their passbook accounts) and so-called brokered deposits, where a large investment banking house would bundle together accounts of $100,000 {Footnote: In 1980, Congress, in a late-night session, increased the federal insurance on deposits to $100,000 from $40,000.} and shop this money nationwide to fast growing S&Ls that were in search of funds they could use to finance their commercial real estate projects. Merrill was among the largest of all deposit brokers working the phones on Wall Street. When the FHLBB's Gray tried to rein in rogue S&L operators he felt were abusing deregulation, he clashed repeatedly with Reagan's Treasury secretary, Donald Regan. Who was Don Regan? Answer: the former head of Merrill Lynch. One thing he had claimed credit for was creating a market for brokered deposits.”

Income Taxes on the Middle Class Cover the Gambling Losses of the Wealthy

The thing that is so incredible about the government bailouts of failed banks (both the S&Ls of the 1980s and those of today’s financial crisis) is that the government simply covers the losses of the bankers, and the taxpaying public never demands that the ill-gotten gains of the wealthy bankers and developers be taken away from them. They are simply allowed to keep their millions in fees, profits and salaries, which were in fact all paid for a few years later by taxpayers. Why do the American taxpayers stand for this? Why do they not insist that the people who in fact ripped them off (by means of high-risk investments insured by the taxpayers) be stripped of their wealth? It is mind-boggling that they can get away with this. Is the US public just plain stupid, or do they enjoy being screwed? The government presented the wealthy elite with fabulous opportunities for “moral hazard,” and they took full advantage of it. At the same time, however, these people were bankers. They had a responsibility to the public, who insured the accounts. They abrogated their fiduciary responsibility. Why are they not held accountable? In China, perpetrators of such egregious crimes against society are routinely executed. Why are these robber-barons not stripped of their wealth and executed? Here in the US, they are allowed to keep all of their ill-gotten gains. They retire on millions of dollars, while the people that they scammed are mired in debt. If the American citizenry were in fact a people, it would rise up against these crimes, and do away with the criminals. And that would start with

the government "free-market" regulators who were the root source of the problem, including Reagan, Clinton, and the Bushes (and most members of Congress). It would include Richard Fuld (former CEO of the now-defunct Lehman Brothers investment bank) and Henry Paulson, current US Secretary of the Treasury), and countless others who head and manage commercial and investment banks and other financial institutions. It would include the former heads of Fannie Mae and Freddie Mac and Bear Stearns and AIG. These people amassed fortunes by conning and scamming the US taxpayer, by gambling in games in which the US government guaranteed to cover their losses. It is time to take the money back and to punish these con men (the bankers and their government-overseer *collaborateurs* alike). They should be sitting in pillories and stocks in Times Square, not enjoying their millions of taxpayer-covered gambling losses.

Today's financial crisis is a repeat of the S&L crisis of the 1980s, just with more complex financial instruments (bundled mortgages, securitized debt, derivatives). The essence of the scam is the same. The US government promotes a high level of moral hazard, encourages bankers to engage in extremely risky financial schemes, and then bails them out when their big bets go bad (since their banks are "too big to be allowed to fail"), using taxpayer money (most of which is taken from the middle class). Once again, nothing is being done to strip the wealthy bankers and politicians of their ill-gotten gains. The public just stands idly by and gets totally ripped off. This is a salient feature of taxpayer-funded government subsidies to the wealthy: the wealthy and the government leaders work hard to make it look as if it isn't their fault. They protest, as they did for Hurricane Katrina and 9/11 that "it couldn't have been foreseen, and it isn't their fault." It "just happened." But it didn't "just happen." It was orchestrated by the wealthy elite and implemented by their US government thralls. These people are criminals. They are traitors. They are deceivers. They are thieves in the night. They should be stripped of their wealth and held accountable for their treachery. (I have read only the first three chapters of Chain of Blame, covering just the S&L scandal. The book continues through the current financial crisis – I'll update this section when I finish the book.)

There is a massive conspiracy going on in the United States. It is a conspiracy between the US government and the wealthy elite. The financial sector dreams up financial schemes – raw gambling – that generate fabulous amounts of money if the players win, and the government agrees to cover the losses if they lose – and lets them keep all their earlier winnings. The middle class taxpayer, whose taxes on hard work pay for this, is played as a sap. He is conned. He is told that this is "free market" free enterprise, and that private banking and free trade are good for everyone. He is told that is "Wall Street" fails, then "Main Street" will also fail, and he will lose his pension plan. He is never given options, such as nationalizing the US central bank (Federal Reserve). He is threatened with total disaster if his "representatives" do not instantly approve bailouts for the wealthy elite. He is seduced – or forced – into placing his retirement funds in unstable markets, instead of the bank. When the markets fail, the government bails out the financiers, but not the pensioner. The US government and Wall Street have colluded to scam the middle-class taxpayer. They have destroyed his quality of life. They are forcing him to pay for the gambling losses of the wealthy elite. They are laughing all the way to the bank – in many cases, they *are* the bank. How long, O Lord, how long?

The primary characteristic of a fascist state is one in which government and business work hand in hand. Another characteristic is disdain of the state for the individual. The United States is now a fascist state, working solely for the benefit of the wealthy elite.

I skimmed through a recent book, The Uprising (2008), by David Sirota. It describes the discontent of the American people with what is going on. He documents that the quality of life

has been declining for most Americans, but it appears that they have no idea why or what to do about it. He writes a lot about Lou Dobbs and his nightly CNN television program in which he rails against the status quo. He writes:

“The Lou Dobbs phenomenon is, at its root, backlash politics. He exposes our messy, unfair, chaotic, out-of-control world, from our Swiss cheese borders to our lobbyist-rigged trade policies to a persistent narcotics problem. And viewers respond because it successfully ‘taps into’ their desire to resurrect our collective memory of the ethereal, fuzzy Golden Age of America's past – that sepia-toned simpler time when national security was ensured; citizens were educated, engaged, and drug-free; politicians were "statesmen"; the working stiff made a decent wage; and, above all else, laws were followed.

“This last point is probably the most important of all. In an unfathomably complex world where the click of a mouse in a Tokyo skyscraper can eliminate an Ohio city's entire job base, or where a ragtag band of bourgeois Saudis can kill three thousand Americans in a few hours, Dobbs seizes on a frantic public's desperation for more *control and order*.

“That's really what Dobbs's whole immigration schtick is all about. Whether his audience is workers worried about losing their jobs to undocumented laborers, suburbanites who fear a cultural takeover of their neighborhoods, or even legal immigrants who want others to have to go through the same ordeal they went through to become naturalized, the base emotion drawing them to Dobbs is a pining for a mythological past when control and order dominated. The whole posture comes from Dobbs's innately authoritarian disposition. He is the guy who says that if he reported it, it is fact. He is the strongman who comes right into your living room every night to tell you that he's out there protecting you from the lawbreakers, whoever they may be – and that is comforting to a public fearful of the ever-increasing chaos outside.

“‘I don't believe there is too much immigration,’ as he told me. ‘I believe that we're not in control of our immigration policies or what's happening in this country.’

“’This country has always had elites,’ he says. ‘But those elites, for the most part, worked in the national interest and for the common good, were united in understanding of our national ideals and values, and worked diligently and virtuously.’”

Sirota’s book has a misleading title. The “uprising” that Sirota refers to is nothing more than the frustration of Americans in seeing their country out of control. It is an uprising of the emotions of confusion, discontent, and anger, not an uprising of action based on rage against those who have destroyed the country and a quality middle-class way of life.

My wife and I took a holiday in New Orleans a few months ago. While we were there we took a city tour. About half the tour was spent viewing the damage caused by Hurricane Katrina and the reconstruction that is underway. Our tour guide informed us that the government had instituted a program of “rapid return” for people who had had their homes destroyed. I asked why the government was encouraging people to return, when the land was obviously in a flood plain, and great expense was required to maintain the levees to reduce the chance of flooding. Our guide told us that “we have freedom in America – everyone is free to live wherever he wants.” I said that that was fine, but in this case the public was being asked to spend millions to rebuild homes that were in a flood plain, should never have been there in the first place, and certainly should not be rebuilt subsidized by public funds. He explained that the US Army Corps of Engineers had “screwed up, and not built the levees strong enough, and therefore the taxpayers must pay two-thirds of the cost to replace the damaged infrastructure. The US Army

screws up, and therefore the taxpayers must pay more? How do you figure that one? This is just one more example of where the taxpayers' money is transferred to the wealthy (builders of homes and levees). Why do the US taxpayers put up with this nonsense?

The North American Union

The book, The Late Great USA (2007) by Jerome Corsi discusses the efforts underway to combine the US, Canada and Mexico into a single country, the North American Union. I discussed this briefly in a preceding section. Corsi also discusses some of the ways in which the US worker is getting ripped off. One of those ways is promoting free trade, yet not having a tax system that is harmonized with the rest of the world, i.e., a value-added tax (VAT). Corsi points out that the VAT is charged on US goods entering China and removed from Chinese goods exported to the US. This is in accordance with WTO regulations. The problem is that we use an income tax, and most of the rest of the world uses the VAT. No adjustment is made for income taxes in international trade. This "mismatch" of the US tax system with that of most of its significant trading partners places US goods at a severe disadvantage, and is a significant factor in the loss of US manufacturing to foreign countries. The US government doesn't give a damn. (I know a lot about tax theory – I once wrote a book on tax reform (mainly on the VAT), posted at http://www.foundationwebsite.org/VAT.htm .)

An excerpt about the VAT from Corsi's book is presented in the Appendices.

Corsi and other writers imply that there is something "unfair" about other country's using the VAT, and our suffering a trade disadvantage because of it. That is our problem, not theirs. We choose to use a "direct tax" – the income tax – as the basis for our tax system. When you imply that everyone else is wrong and you are right, it is important to reexamine your position. The US deliberately chooses to adopt a tax system that is not in harmony with the rest of the world. What is worse, the income tax has a large number of other disadvantages that the VAT does not (see my book for more on this).

Another point that Corsi makes is the fact that the US has entered into "totalization" agreements with many countries. Corsi writes:

"The United States currently has totalization agreements with twenty-one countries. The agreements allow workers to combine earnings from foreign countries with earnings in the United States to qualify for Social Security benefits. The agreement with Mexico would allow a Mexican worker to qualify for Social Security benefits after only six quarters (eighteen months) of employment in the United States. A U.S. worker typically needs forty calendar quarters (120 months) to receive U.S. Social Security benefits."

When I applied for Social Security Benefits on reaching age 65 (last year), I was informed that I did not qualify for disability benefits (in case I was applying for any, which I was not). The reason for this was that I had recently worked outside of the US, and had not contributed to the Social Security program for the two years while I worked in Botswana (for the Central Bank, taxed at 25 percent of my total income). The fact that I had contributed to Social Security at the maximum amount for most years since about 1958 was not a factor. The fact that Mexican illegal aliens can qualify for benefits after a few months, when I, a US citizen, cannot after a lifetime of contributing at the maximum level, is an outrage. It would appear that the US government cares more about illegal aliens than it does about US citizens.

One of the best discussions of the systematic destruction of America by the US government is presented by Pat Choate in his book, Dangerous Business (2008). Choate was Ross Perot's vice presidential running mate in 1996. The book has a lot of content, and is well worth reading. I present some excerpts from it in the Appendices.

Urban Sprawl; Destruction of the City by the Automobile

James Howard Kunstler is one of the few writers who seems to grasp the significance of the role that oil has played in changing US society, and of the massive change that will occur as global oil production declines. He has written four nonfiction books, three dealing with cities (both in general and with respect to the influence that oil has played in their evolution) and one on the changes that will soon occur as Peak Oil passes. The three books on cities are The Geography of Nowhere (1993), Home from Nowhere (1996) and The City in Mind (2001). The book on life after Peak Oil is called The Long Emergency (2005, 2006).

The City in Mind describes the evolutionary history and current status of several of the world's great cities, including Paris, Atlanta, Mexico City, Berlin, Las Vegas, Rome, Boston and London.

In The Geography of Nowhere Kunstler describes in detail the tremendous decline in the quality of social life that has resulted from cheap oil and mass automobile transportation. He also describes some of the major economic events that have paralleled the age of the automobile.

Kunstler ends his book with a discussion of "englightened" architectural practices that move in the direction of making our cities more "human-friendly." After presenting powerful arguments that cheap and plentiful oil and the private automobile have destroyed our cities and social life, these suggestions seem very weak. It would appear that a strong, vibrant, meaningful social life will not return to human society until after the passage of cheap oil, or at least, after the passage of the private automobile. Civil society will not return until people can easily walk to most of the places they visit, and start living together.

In the book Home from Nowhere, written three years after The Geography of Nowhere, Kunstler analyzes further the impact of the automobile on human society. He also discusses architectural practices that would make our cities more livable. As I mentioned before, it appears that little will change until the era of cheap oil ends, and along with it, the era of mass privately owned automobiles.

Kunstler's book, The Long Emergency, presents an excellent description of the social and economic impact of cheap oil on our society, and a discussion of what to expect as global oil runs out.

Extracts from Kunstler's books are presented in the Appendices. Although excellent, these books are not widely read, and so I extract from them at some length.

The US Government Is Destroying Traditional US Culture

Culture *does* matter. Everywhere in the world where Hispanic culture spread from the Spanish Empire, the present culture is dominated by corruption and oppression or ignoring of masses of poor. The same is true of Indian and Chinese culture. And Middle-Eastern and African cultures. Those cultures are now being imported into the US on a massive scale (and to Canada, Australia, and many European countries as well). The US middle class will soon join the ranks of the Indian untouchables, the Chinese peasants, and the Latino peasants, as those

cultures infect and eventually destroy US Northern European culture that founded the country and made it great. Who benefits? The wealthy elite, who are quite comfortable with the concept of a small, rich oligarchy supported by masses of poor slaves.

This is the system that has operated throughout most of human history. America – a country founded by its leaders "for the people" – is an anomaly. Actually, I should use the past tense here, since that America no longer exists. This utopian society was bound to disappear. As Thomas Jefferson observed, the tree of liberty must be refreshed from time to time with the blood of patriots and tyrants. It has been a long time since the tree of liberty has been watered. The government no longer serves the people. America's current masters are tyrants. America's current leaders are not of the founders' ilk – they are typical of those in power from time immemorial, who use power to serve themselves, not the people. Unlike the founders, those now in power in the US do not wish to share their power with the middle class, and they are actively trying to destroy it (its wealth and status, not the people). America's leaders have "regressed to the mean."

In 1776 America's Founders – its wealthy elite of the time – established a country *for the people*. That was a very noble idea, and very counter to the desires of the wealthy elites throughout history. Today's US wealthy elite, like those of most of history, do not align themselves with the views of America's Founders. They want only for the masses to serve them, to increase their wealth. They have transformed the country from the one that the Founders conceived and established into one that serves them, not the people. This has been the way of the world for most of history, but it was not what that America's founders conceived. With a well-off middle class, America for a time was "out of step" with the rest of the world and history, and today's wealthy elite are moving to rectify this anomaly and return them to their usual station of poverty. They have set up programs to transfer much of the taxes paid by the middle class to the wealthy elite (e.g., for security and medical costs). They have established a money-and-banking system based on debt-based money and compound interest. They encourage the granting of loans to people who don't need them, simply to entrap them (through compound interest) in unmanageable debt. They have adopted policies (mass immigration, massive international free trade, and open borders) that have despoiled the environment, crowded the country with people, and reduced the quality of life of the middle class. They have imposed a massive financial tax burden on the middle class, often to pay for programs and wars that it does not want. It has imprisoned one percent of its adult population. It has transferred much of its manufacturing capacity overseas, increasing our dependence on foreign entities and reducing meaningful work opportunities for its own people. The US government is no longer for the people, but is for the wealthy and against the people. The US government is now the enemy of the people. (Unfortunately for the wealthy elite, the process of unconstrained economic growth is destroying the biosphere. Like a cancer, the system of growth-based economics has sewn the seeds of its own destruction. It is totally unsustainable, and is now nearing an end.)

When I arrived in the Houston airport a few months ago from an overseas trip, I noticed that almost all of the US immigration and customs staff were from foreign cultures – mainly Asians and Latinos. Through its policies of mass immigration, the US government is giving the country and the culture away to foreigners. This was *your* country. But it is not any longer. Illegal aliens now protest in mass street rallies that they are being discriminated against, and they are demanding citizenship. What gall! What chutzpah! It shows how low their respect is for the US government and the US citizenry. These people are *criminal alien invaders*. Demanding citizenship! They are fast replacing the original US population, who are standing by, doing

nothing. If the original citizens *do* decide to do something, they will be charged with hate crimes and vigilantism, and thrown in jail.

In Canada, mass immigration has also made tremendous changes. Canada has now lost its British flavor. The flag has changed, the national anthem has changed, and the people have changed. When I was working in Toronto a few years ago for Canada Trust, one morning (arriving for work) I was in the elevator with about ten other people – every single one of them was Asian – I was the only Caucasian in the elevator. Vancouver is now referred to as Canada's Asian capital. While I was working in Botswana a few years ago, my next-door neighbor was a Canadian. When he and his wife returned to Canada (Ottawa) for home leave, as he entered the airport he was greeted by a turbaned Sikh, who proclaimed, "Valkohm to my Kaahntry!" When he left, my friend thought that it was *his* country. No longer. His generation gave it away.

Recently (May, 2008), it was reported that native South Africans have turned to slaughtering illegal immigrants. As is the case with the United States, the present South African government is allowing mass immigration. The South African people are very unhappy about this, and are now taking matters into their own hands. That violent response will soon be evident in the United States, as Peak Oil passes and the quality of life in America plummets.

A few months ago I attended a friend's wedding in Virginia. As we passed through South Hill, Virginia, on our way back home, we stopped at a local restaurant for dinner. Although South Hill is little more than a dot on a map in rural Virginia, and the restaurant had an innocuous Anglo name (the Down Home Buffet), every one of the waiters (three males and one female), and the cashier, were (Asian) Indian. Without mass immigration, there would be no Indians in South Hill, or anywhere else in America. All of those jobs would be filled by native-culture US workers, or the jobs would not exist. If the jobs did not exist, then we would save much natural land and reduce energy consumption, but that would not generate wealth for the plutocrats, and so they will never allow this to happen. We do not need to give our country and environment away – particularly to people from cultures that have destroyed theirs!

Food, Diet and Medicines

One of the very significant areas in which the quality of life has declined for Americans is in the area of food and diet. As the population soars and more food is required than can be produced by basic, "organic" farming methods (primitive agriculture), the use of chemical fertilizers, pesticides, herbicides, preservatives and other chemicals (e.g., coloring agents, stabilizers) increases (along with other high-energy inputs such as irrigation, tractor plowing, and mechanized harvesting, processing and distribution). If you read the labels on foods, you will see and may be surprised by how many chemicals are added to most foods. As more and more food is imported (now at 40 percent), we have less and less control over the use of toxic chemicals on our food. This decline in security was evidenced several times this past year with the importation of poisonous food from Communist China (e.g., fish, pet food). The US government has done nothing to restrict the importation of food and refuses to enforce food labeling laws so that consumers can see which food is imported (since this might hurt foreign trade and reduce incomes for the wealthy elite). The importation of massive quantities of food from foreign countries increases the risk of contamination of food from toxins and from disease, such as mad-cow disease and hepatitis.

It is believed by many that the substantial increase in many diseases over the past several decades, such as colon/rectal cancer, allergies, diabetes, asthma, autism and attention deficit /

hyperactivity disorder (ADHD), are the direct result of the consumption of low-quality food, poor diet, hydrogenated oils, refined carbohydrates, excessive beef, and a variety of synthetic chemicals, including preservatives, stabilizers, coloring agents, and flavorings. We have poisoned our bodies and pickled our guts, and allergies, obesity, and cancer are the unsurprising result. There is in America an epidemic of obesity. Look around you in any public place, such as a shopping mall or restaurant, and you will see many obscenely fat young people. When I was a boy, the only time you saw people like this was at the "fat lady" exhibit at a county fair. These bodies should be lithe, strong and vibrant, not grossly overweight. This is where the country's leaders have taken it.

In addition to being suspected of causing much disease, the choice of foods has a serious impact on the environment. The consumption of massive amounts of fish has caused fish stocks to collapse catastrophically in many areas, particularly around poor countries that are unable to protect their fishing areas. The consumption of massive amounts of beef is contributing substantially to global deforestation and greenhouse gas production (methane efflatus from cattle). If humankind would consume at a lower trophic level (e.g., eat grains instead of feeding them to cattle and then eating the cattle), then the demand for food would be substantially reduced.

There are increasing reports of medicines that have caused much disease. Thalidomide was the first big "wake-up call." Recent drug recalls have included a variety of painkillers, such as the nonsteroidal anti-inflamatory drugs (NSAIDs) such as Vioxx (rofecoxib) and Celebrex (celecoxib), which are linked to heart attacks and strokes, and phenylpropanolamine ("PPA"), a decongestant that may cause hemorrhagic stroke. There are on the order of ten thousand deaths annually from NSAIDS, which includes ibuprofen and naproxin. Just recently it was announced that Ritalin, a drug used to treat ADHD, may cause heart disease or stroke, and that bisphenol-A (BPA), a common ingredient in plastic drink bottles and drink-can linings, is linked to a variety of diseases, including breast and prostate cancer. (If you will turn a plastic bottle over, you will see several triangles ("recycling codes") containing numbers such as 1, 2, 5, and 7. Bottles having (only) codes 1, 2 or 5 are considered nontoxic. If the number 7 is present, *don't use the product*, and don't use the bottle as a "drinking water" bottle. (See People Magazine, May 19, 2008, page 146.)) A good friend of mine was recently prescribed some medicine for a sinus infection. The drug caused his prostate to enlarge, and he is now facing prostate surgery. The medical establishment is "rubbing its hands" over the large amount of additional business generated by its "wonder" drugs. When you hear the list of dangerous side effects of many of these drugs on television ads, it seems that the "cure" that they offer is in many instances worse than the original disease.

The television ads promoting powerful drugs with terrible side-effects are amazing, from the point of view of their warnings ("contraindications"). Boniva (ibandronate), used to treat osteoporosis, may cause deep venous thrombosis, pulmonary embolism or retinal vein thrombosis. Evista (raxoxifene), also used to treat or prevent osteoporosis, has similar side effects and may cause kidney stones. Orencia (abatacept), used to treat rheumatoid arthritis, is suspected of causing cancer. Abilify (aripiprazole), suggested for treatment of manic-depression, may lead to coma or death. Advair (fluticasone propionate and salmeterol inhalation powder), suggested for preventing asthma attacks, may increase the risk of asthma-related death. Symbicort (budesonide), a steroid used to treat asthma and chronic obstructive pulmonary disease (COPD), may increase the incidence of asthma-related death. Another COPD medicine, Spiriva (tiotropium bromide) has the following side-effects: upper respiratory infection, dry mouth, cough, hoarseness, trouble swallowing, drowsiness, white patches in mouth or throat, sinus infection, sore throat, bladder infection, abdominal pain, constipation,

indigestion, heartburn, nausea, vomiting, muscle pain, yeast infection, nosebleeds, stuffy or runny nose, worsening breathing problems, severe constipation, difficulty passing urine, fast heart rate, irregular heart rhythm (arrhythmia), vision changes, chest pain, signs of allergic reaction (including unexplained rash, hives, itching, unexplained swelling, wheezing, or difficulty breathing or swallowing), leg pain, voice changes, unusual sensations (such as burning or tingling), gastroesophageal reflux disease (GERD), canker sores, high cholesterol, high blood sugar (hyperglycemia), bone pain, depression, shingles, cataracts. Singulair (montelukast), also used to prevent asthma attacks, has side effects that include upper-respiratory infections and sore throat. When I was a child, asthma was rare. With all of the allergens that are produced by intensive industrialization, asthma and other allergies are now common. It was reported by the government on June 11, 2008, that Americans spent eleven billion dollars in 2005 on doctors' bills, prescription drugs and other treatments for allergies. Intense industrialization has led to a large increase in allergies, which generates a lot of income for the medical establishment. Furthermore, many of these medications have severe side effects that lead to even more medical expense. What a racket!

Recent reports have been presented that some of the nation's drinking water is now laced with pharmaceuticals.

Ibuprofen, a painkiller freely available "over the counter" in the United States, is responsible for perhaps ten thousand deaths a year. In addition, it causes countless cases of kidney damage, particularly in persons with diabetes. My wife is one such case – she took ibuprofen over a considerable time, and it destroyed the capillaries in her kidneys. All of a sudden, she had fourth-stage renal disease – one step away from a dialysis machine. She now must take Aranest (darbepoetin alfa) injections, costing $2,500 - $3000 every two or three weeks for the rest of her life. From some points of view, she may be considered fortunate: For many ibuprofen users, the damage caused results in end-stage renal disease – kidney failure – and they must be on kidney dialysis machines for the rest of their lives. The cost of kidney dialysis is about $20,000 - $40,000 per month. For younger otherwise-healthy patients who qualify for a kidney transplant, the cost of the immuno-suppressant drugs required to keep recipients alive can cost about $80,000 - $150,000 per month (this is in addition to the cost of the operation).

Why would our government allow the unconstrained purchase of a drug that causes such great damage? The answer is obvious – the money. For every case of fourth-stage renal disease, the medical establishment makes about $5,000 per month. For every case of end-stage renal disease, the medical establishment makes about $30,000 per month if dialysis is used or about $115,000 per month per month if a kidney transplant is used. If you have end-stage renal disease, the government will pay for these costs under the Medicare program. This money comes from taxes – most of it from middle-class taxpayers (since they pay most of the taxes). The government promotes the use of ibuprofen knowing full well that it causes an epidemic of renal disease, for treatment of which it transfers massive amounts of taxes from the middle class to the medical establishment. This program doesn't cost the government a dime, since its costs are paid by taxes, mostly from the middle class (actually, nothing costs the government anything, since its revenues are derived from taxes). From the viewpoint of transferring massive amounts of money from the middle class to the wealthy elite (medical establishment), the ibuprofen program is a smashing success. (The US government is always eager to spend taxpayer money, since requires the middle class to work longer and harder, and increases GDP. It tries to give US-taxpayer tax money away even when it is not wanted, such as in the case of the Indian earthquake a few years ago. The US tried to cajole India into accepting relief aid, when it did not want it and ultimately refused to accept it. In response to the recent Cyclone Nargis in Myanmar (Burma) (5 May 2008), the international assistance community, backed by

the US government, pressured a reluctant Myanmar government to accept international aid. The money or goods or services contributed by the US government to this effort was from US taxpayers. Did anybody bother to ask them how they feel about this?)

(If ibuprofen simply killed people, then the US government would not allow it – heaven forbid the loss of 10,000 production / consumption units (a.k.a. human beings) every year. But the fact is that, apart from causing 10,000 deaths per year, it generates very many cases of kidney disease and kidney failure (particularly among diabetics), which generates massive amounts of revenue for the medical establishment.)

A large number of books have been written on the subject of food, diet and medicine. These include the following:

- The Food Revolution: How Your Diet Can Help Save Your Life and Our World, by John Robbins (2001)
- Diet for a New America, by John Robbins (1987)
- The Weight Loss Cure "They" Don't Want You to Know About, by Kevin Trudeau (2007)
- Natural Cures "They" Don't Want You to Know About, by Kevin Trudeau (2004)
- More Natural "Cures" Revealed, by Kevin Trudeau (2006)
- The Alcoholism and Addiction Cure, by Chris Prentiss (2007)
- Beyond Beef: The Rise and Fall of the Cattle Culture, by Jeremy Rifkin (1992)
- Attention Deficit Disorder, by Thom Hartmann (1997)
- Eight Weeks to Optimum Health, by Andrew Weil (1997)
- The Arthritis Cure, by Jason Theodosakis, Brenda Adderly and Barry Fox (1997)
- There Is a Cure for Arthritis, by Paavo Airolo (1968)
- "Hyper Kids? Check Their Diet" in September 24, 2007, issue of *Time* magazine (attention deficit / hyperactivity disorder (ADHD) caused by food dyes and the preservative sodium benzoate).

The book, The Alcoholism and Addiction Cure, by Chris Prentiss, is particularly interesting. It documents the complete failure of the US government's approach to the country's drug problem – that drug addiction is caused by some underlying problem, and that if this problem is not addressed and resolved, there is little hope for recovery. Simply switching the drug user from one drug to another (e.g., heroin to methadone) is not a solution.

Increasing Income Gap

Over the past several decades, the gap between the incomes of the worker and top management has been increasing dramatically. In his book, 10 Reasons to Abolish the IMF & World Bank (2001), Kevin Danaher presents a graph that shows the ratio of the average pay for top US corporate executives to the average pay for workers. The ratio was 42 in 1980 and had risen to 475 by 1999. The increasing income gap is in large measure the result of globalization (e.g., by depressing middle class wages by placing them in direct competition with poor workers around the world making a few dollars a day). The income gap is also increased by government policies that transfer vast wealth from the middle class (such as income taxes, the health care system, and massive debt based on compound interest).

As long as the economy prospers, so that all workers see that their situation is improving and there is no better alternative, this situation (increasing income gap) will cause no reaction, other than criticism (and perhaps some jealousy). Once the economy starts to decline, with the passage of Peak Oil, the workers will resent this very much. Even then, nothing will likely be done, as long as there is no better alternative and some hope remains for a better future, at least for some. As soon as it becomes clear to everyone that the global economy and the US economy will collapse with the passage of Peak Oil, however, the "politics of envy" will come into play, and the middle class will turn on the wealthy elite and its US government thrall, since it has nothing to lose and the satisfaction of destroying the wealthy elite to gain.

Political Incompetence; Political Deception

It Is the Electorate That Is Incompetent, Not the Government

The US was founded by men who were prepared to fight and kill Indians and the British to take their land from them. The modern state of Israel exists because Ashkenazi Jews were willing to commit acts of terrorism, to invade Palestine, to ethnically cleanse it, to kill anyone who opposed their occupation, and to take control of the US economy and use its wherewithal in support of their cause. All countries that have a will to exist behave in a similar fashion. Countries have a *legal right to exist* only when they assert that right and are able to enforce / defend it. This requires killing and dying – the blood of tyrants and patriots.

The US government, in blind obedience to the greedy wealthy elite who control them, has abandoned the principles of a democratic republic (government elected to represent the people). The US Congress no longer represents the people who elect it, but the wealthy elite. Concomitantly, it has also abandoned the principles of national leadership. Disguised as an obsession with political correctness, it is no longer willing or able to take the strong steps required to maintain a country. This is consistent with the rise of corporatism – the US, considered as a distinct country, is becoming increasingly irrelevant to the corporatist controllers of the world. There are many examples to illustrate this, including the eschewing of profiling; uncontrolled borders; allowing of the takeover of US culture, economy and government by Jewish interests; and refusal to win wars, as evidenced by the Vietnam War (perhaps I should be politically correct and say "Police Action") and the current war in Iraq.

Since the US government no longer represents the people, the American people no longer have anyone to represent them. They are on their own. They have lost their power, and, amazingly, most of them don't even realize it. Their leaders, who no longer represent the people, continue to tell them that the people are in charge, and the people continue to believe it. A people who wish to control their destiny must act accordingly, consistent with the dictums of warfare and political theory (e.g., Machiavelli, Liddell-Hart). The American people are not doing that. They are continuing to play the silly "democracy" game in which the government and its wealthy-elite masters tell them that they are in charge, when it is in fact it is not at all true. The American people are politically incompetent.

The US government is simply a pawn of the wealthy elite. It executes whatever programs are specified to further the plans of the wealthy elite (globalization, perpetual war on terror, etc.). In this role, the US government has been relatively effective, but every so often the people begin to suspect that it does not have their interests at heart (e.g., sale of our ports to Dubai Ports World; globalization (massive international free trade); seemingly inept response to Hurricane

Katrina; imprisonment of one percent of our adult population; refusal to enforce food-labeling laws; mass immigration). To the extent that the people are beginning to realize that the government is not working on their behalf, the government is being inept. By and large, however, the American people are clueless that the government no longer serves the people at all, now represents the wealthy elite, and is in fact their enemy.

The US is the only country in the world that willingly allows millions of foreigners to invade it each year. It is a laughing stock among nations. It is destroying itself. Most countries resist having their countries overrun by foreigners, if it is within their power to do so. If you call up virtually any embassy and ask about immigrating to their country, they will laugh in your face – unless you are bringing money. In asserting a "right" of Mexicans to illegally invade the US, Mexican President Felipe Calderon remarked not too long ago that "Wherever a Mexican is, there is Mexico." This view shows how someone who cares for his people acts. If the US government cared about its own people and the country, it would apply this same principle. For example, instead of sentencing three million Americans to prison, it might simply exile them to Mexico under a reciprocity concept that "Wherever an American is, there is America." Mexico endorses the stationing of 12-20 million illegal invaders in our country. All we would be doing in this case would be sending three million Americans to Mexico. What a deal!

To make things perfectly clear (oh, oh – that is Richard Nixon's line), when I am referring to "political incompetence" in this section, I am referring mainly to the political competence of the *American people* rather than the *US government*. The US government knows exactly what it is doing – its policies and actions serve the wealthy elite of the world (under the current system of corporatism), and it has been relatively effective in executing this role. It is the *American people* who lost their government "of, by and for the people." They ceased to protect their culture, and it morphed into something quite different from what the country's founders had in mind and established. They ceased to water the tree of liberty with the blood of patriots and tyrants, and it died.

The American public is incredibly gullible. Whenever the government (or a politician) "screws up," it is asserted that it could not have possibly or reasonably foreseen the crisis coming. This excuse is used frequently, for example, in the case of 9/11 or Hurricane Katrina, or the S&L scandal, the "gasoline" / oil / energy crisis, or the current home mortgage scandal / financial crisis. It knew that these things were inevitable or likely to happen, and chose to do nothing about them (or, worse, as in the case of the S&L and current financial crisis, approved policies that caused them to occur or made them worse). For some incredible reason, the electorate accepts these lies and grants the government a "free pass."

The American people are politically incompetent to the point of being fatally flawed. The US government is a little bungling at times, but executes its role as the henchman of the wealthy elite rather well, and keeps its real role well hidden from the people. In this respect, the charade of the current US presidential campaign is something to behold. All of the candidates act as if they are true representatives of the people, and if elected will finally solve the problems that never seem to get solved. They are experts in "doublespeak," duplicity and dissimulation. All of the major candidates are very elusive and vague about specifically what they would do to improve things. Why do the people not wonder why all of the candidates' proposals are simply minor changes to the same basic system that is ruining their lives and the biosphere? Why do they not wonder why nothing ever changes? It is possible that a few new representatives arriving in Washington actually think for a time that they represent the people, but they quickly become a part of the system if they want to keep their jobs (which they do!). US democracy is a

complete sham, a shell game, a total dissimulation, the exact opposite of what it appears to be and what the Founders set up.

The American people have allowed the wealthy elite to hijack their government – the government that once was "for the people," and now serves the wealthy elite. They have given away their birthright. How stupid and foolish. The American people have allowed the wealthy elite to destroy their quality of life by many programs and policies, all aimed at enriching the wealthy elite: mass immigration, massive international free trade, and open borders. They have allowed their country to be overrun by an invasion of aliens, imported solely to increase the wealth of the wealthy elite. They are like the proverbial "frog in the pot": if you place a frog in a pot of hot water, he will instantly jump out of it, but if you place him in a pot of cool water and slowly heat it, he will sit there until he scalds to death. In 1972, with a population of about 200 million, few Americans would have allowed an invasion of one hundred million aliens (that happened over the next 35 years). But the wealthy elite and their thrall government allowed the invasion to happen slowly, at the rate of about three million per year. Few people noticed the gradual change, but after 35 years, vacation land was no longer affordable, urban sprawl was everywhere, and commute times were intolerable. Similarly, the people did not see that their incomes were being eroded, by the policies of massive international free trade (as well as by mass immigration and open borders). Like the frog, the US population was blissfully ignorant of the fundamental changes being made to its environment, and it had been "scalded to death."

The "incremental approach" to create a North American Union over time (e.g., NAFTA in 1994, SPP in 2005, the NAFTA superhighway project currently being pushed) is another example of the effectiveness of the "frog in the pot" phenomenon. It works amazingly well.

Examples of Deceptions and Lies

The US electorate is incredibly gullible. As Plato observed, under a democracy the leaders will pander to the masses, promising them anything. What is so amazing is that most of the electorate have a basic high-school education, and should be able to see through the politicians' lies. The litany of lies goes on and on, and the electorate, seemingly hypnotized, believes. Examples of these lies include the following:

1. Calls for "change." The candidates promise "change," but they are in fact committed to a continuation of exactly the same system (mass immigration, massive international free trade, open borders, growth-based economics, debt-based money) that has destroyed our environment and the quality of life for the middle class. Under this system, things will continue to get worse for the American people. Why can't they see? In calling for "change," the candidates do not identify the root cause of the problem, or explain what "change" will fix things. Why can't people see that their vacuous proposals are nothing more than "hot air"? All the candidates want to change is who's elected.
2. Energy independence. Calls for energy independence are a total deception. In 1972, when the US population was about 200 million and the birth rate had dropped to replacement level, it was known that US oil production had peaked (in 1969, as predicted by Hubbert's original analysis). There was absolutely no question in 1972 that we were running out of oil. Even if we chose to "stick our heads in the sand" and deny it or ignore it, the Arab oil embargo of 1973, with its long gas lines and skyrocketing oil prices, made this patently obvious to everyone. The percentage of US oil that is imported has risen from about 30 percent in 1970 to almost 70 percent now. Every year that passes, our leaders do nothing about this problem. Who is minding the store? What are their motives? If the government and the politicians had been serious about

"energy independence," they would have adopted a population policy, such as zero immigration or zero population growth (ZPG) or negative population growth (NPG), to keep the US population size where it was (or even smaller). If US population had remained at 200 million since 1972 until now, there would be no "energy crisis." The world's corporatist controllers, and the puppet US government, *want* an energy crisis. A scarcity of petroleum makes "big bucks" for the oil companies. Whenever the price of oil drops, the producers move to reduce production, to promote scarcity and increase the price. Economists *strive for* a scarcity of any needed resource (e.g., land), through "growth" (development), to drive the price up and generate vast wealth for their wealthy-elite masters. The presidential candidates call of offshore drilling and drilling in the Arctic Wildlife National Refuge to increase the oil supply. At most, these actions would provide the US with one more year's worth of oil, a few decades from now. And then what? If the politicians want the US to be "energy independent," then why are they pressing to continue an immigration policy that increases US population by three million people every year? Why are they pressing to make 12-20 million illegal aliens citizens, instead of deporting them? Reducing demand by deporting 12-20 million illegal aliens would be a significant help in reducing energy consumption. Why do no citizens ask the candidates these questions? (This is a rhetorical question – the wealthy want the 20 million illegal aliens to remain, because they are consumers and cheap labor. They want three million more immigrants per year so that they can purchase the four million surplus houses that absurd and immoral government policies created, so that the "mortgage crisis" will come to an early end.) US government officials have been liars and are liars. If they did not want an energy crisis they would have taken simple and obvious steps to avoid one. Most Americans have no idea of how dependent they are on oil. Look around you. Virtually everything that you see is made from oil directly (e.g., plastics); used energy from oil in its manufacture, packaging and distribution (e.g., food); and uses and will continue to use energy from oil for its operation and maintenance. If you remove everything that depends on oil from your living space, you will see that almost nothing remains. As oil exhausts, massive change will occur.

3. <u>Energy waste.</u> Current-day America is an incredibly wasteful society. You can see this everywhere, from the massive landfills that receive our daily waste to the traffic jams on our highways. Primitive farmers could produce about 10 calories of food from the expenditure of about one calorie of labor; in the US system of waste, it takes over ten calories of energy to produce one calorie of food. Our society of urban sprawl is completely unsustainable. It exists only because of massive amounts of cheap oil. Oil is so cheap in the US that we burn most of it (in cars, for heating, and for electricity generation). Now that global production is tapering off and will soon decline, this energy-wasteful society will come to an end. The next step, if American lasts that long, will be to return to an era of electric vehicles and electric mass transportation. Many years ago, the nation had a fine railroad system. It systematically destroyed this system (e.g., massive population growth; destruction of electric trolley-car systems in cities by General Motors, to promote buses and cars; subsidization of highways for long-distance transportation). Now that a return to electric rail transport is imminent, the US will seek to acquire once again the railroad rights-of-way that it once had. But many of these have been sold off – at cheap prices – to developers. The government will now have to repurchase them at greatly inflated cost. The US middle class will have to pay for this. This suits the wealthy elite just fine. Why would the US government do such a thing? For the money.
4. <u>Sustainable development, sustainable growth, sustainable prosperity.</u> The terms sustainable development and sustainable growth are complete oxymorons. Economic growth cannot continue indefinitely, but all of this year's presidential-race candidates call

for continued economic growth. President Bush continually strives to increase the country's gross domestic product (GDP) every quarter. He seeks to increase employment every quarter. All of the candidates and political leaders continue to call for continued growth, but continued growth is impossible, and trying to accomplish it for even a short time is destroying the biosphere. Growth-based economics is impossible to continue. It is not a long-term-sustainable basis for planetary management. Why do the world's and country's leaders keep calling for it, instead of a rational program to save the biosphere? Why does no one ask them why they keep touting economic growth, when economic growth is destroying the biosphere and the quality of life for the people? It is not that economists are unaware of "steady-state" economics (e.g., Herman Daly (Beyond Growth, For the Common Good), Nicholas Georgescu-Roegen (The Entropy Law and the Economic Process)). It is clear that none of the presidential candidates has any grasp of economic theory. McCain admitted once that economics was not his strong suit. In making this inadvertent confession, he is the only one who has been the least bit honest. It will not matter if the winner of the election surrounds himself with the nation's leading economists: these people got us into this mess, and they will not get us out of it. I recently (December 12, 2008) attended the graduation of my granddaughter from the Thunderbird School of Global Management. A term that was bandied about there was "sustainable prosperity." While this concept is at least conceivable (since it does not require constant growth), it is absurd in the context of a planet of billions of people. This small planet can support at most about ten million people at a high level of living. There are going to be a lot of disappointed people just around the corner. Vice President Dick Cheney's remark that "the American way of life is not negotiable" sounds absurd at first look, but it is true in one sense – the American way of life is impossible for a large number of people.

5. Alternative energy sources. On television every day are advertisements from energy companies promoting the use of "alternative" fuels, such as coal, tar sands, and biofuels (derived from current solar energy). But if you examine the facts, solar energy can provide only a small fraction of the energy that is currently provided by oil (and even less of that provided by fossil fuels in general). On television last night there was an ad by an energy company (http://www.energytomorrow.org) asserting that there was plenty of oil and gas to run 60 million cars and heat 160 million homes for the next 60 years. Fine, but what happens after 60 years, when all of the oil is gone? Why promote a policy that is destined to fail in 60 years? Was the company planning to make big profits in oil for 60 years, and then see us all "fall off a cliff"? Coal is the same. If you don't convert coal to oil, then we may have enough to last several hundred years. But what do you do then? Why use something that cannot last? What is infinitely more important, the continued use of energy to support large human numbers and global industrialization is destroying the biosphere, e.g., causing the extinction of an estimated 30,000 species per year. Why are these people striving to continue a system that is destroying the biosphere and causing a mass species extinction? Why does no one take them to task?
6. Conservation. You continually hear people exhorting the public to "conserve." Recently, Matt Lauer of the Today Show was promoting a "green" effort to reduce paper usage. But what is the point of reducing consumption of anything by one percent or ten percent or any amount, if the human population increases by one percent every year? In the long run, conservation (being thrifty, using less) cannot possibly save a society that is premised on never-ending growth. The only things that will work are population reduction and preservation.
7. How to lie with statistics. You are forever hearing economists tout that the poverty rate is declining, when in fact the number of people on the planet who are living in direst poverty is increasing by billions. All of this poverty is being caused by economic growth

– large human numbers and global industrialization. The use of rates instead of absolute magnitudes is a blatant attempt to divert attention from this cruel fact. Why do people let them get by with these lies, subterfuges and deceptions?

8. The "universal health care" scam. I wrote earlier of the candidates' (in the US presidential election) call for universal health care under the guise of universal health insurance. In their speeches, the candidates are very deceptive. They invariably start out by referring to "universal health care," and then quickly switch to the term "universal health insurance." They know full well that this system will do nothing to reduce the *cost* of medical care – in fact, it will simply make it higher, and pay what people cannot pay directly by means of taxes on the middle class. They are engaged in a con game to generate more wealth for the medical establishment, and are doing *nothing* to reduce the cost of medical care. Do people not understand that if the government uses taxes to pay for these bloated costs, it comes straight from *their* taxes (since the middle class is the source of the major portion of federal tax revenue)?
9. The US government is "for the people." You hear the candidates stress over and over that the US government is "for the people," and that it is important to vote. The US government was once for the people, but it is no longer. It now serves the wealthy elite. It has declared war on the middle class, and has adopted policies that are destroying the quality of life for the middle class and enriching the wealthy elite (often at the direct expense of the middle class). No matter whom you vote for of the two major political parties and no matter who gets elected, they will serve the wealthy elite. As long as the present system (of growth-based economics) continues, it will continue to destroy the biosphere and the quality of life for Americans and all people. If meaningful "change" is to occur, this pernicious system must be ended.
10. Nation of immigrants. Barack Obama stated on May 23, 2008, that we should not deport the 12-20 million illegal aliens since we are a "nation of immigrants." This is perhaps the most idiotic statement I have ever heard. It is either a meaningless platitude or a *non sequitur*. Since all nations are "nations of immigrants," it says very little. More importantly, just because something was a part of our past is no reason why it should continue, and certainly not when it is now destroying us as a culture and nation. Australia was formerly a penal colony of Britain, and settled by criminals. Should Australia therefore only allow criminals as new immigrants? At one point, IBM was simply a manufacturer of punched-card machines. Should it have continued to be that forever? Obama's statement makes no sense at all. The US currently has what is called a "wet-foot / dry-foot" policy toward Cuban and Haitian illegal immigrants. If they get caught before they reach our shore, they are returned to their homelands, whereas if they set a foot on dry US soil, they get to stay. What absolute nonsense!
11. Free trade is beneficial. Free trade is good for today's wealthy elite. It is not good for the US middle class. It is wasteful of energy resources, and is not good for the planet. Politicians call for free trade as if any infringement on it is a grievous sin. Even people like Lou Dobbs, who decry the exporting of American jobs, cannot bring themselves to propose protectionist measures such as tariffs or quotas. The most they can say is that they are for "fair trade," whatever that means. Politicians are a little inconsistent about free trade and oil. One recently declared that he would not permit any oil extracted from US territory to leave the US. Yet he would continue to import oil. What's mine is mine and what's yours is mine.
12. We are acting in the interest of our children. You often hear presidential candidates claim that we need to do certain things "for our children." These include mainly short-term things like drilling for oil in the Arctic Wildlife National Refuge, which will make no difference to preserving our lifestyle in the long run, and simply make things worse (by extending the term of industrial activity and destroying more of nature). By our large-

scale industrial activity, we are destroying the biosphere and causing the extinction of an estimated 30,000 species per year. By our actions, it is clear that we do not care about our children or future generations at all. We are destroying their biosphere. We are causing a mass species extinction. We are polluting the planet with radioactive waste that lasts for tens of thousands of years. We are destroying the open spaces of America with teeming masses of immigrants. We are consuming all of our oil. We will soon be dead – all of these things we are leaving to our children and their descendents (if there are any). We will not suffer the burden of living in a destroyed biosphere – all future generations will. It is clear that we do not give a whit for any of them – just for our own selfish pleasures and gratifications. In our profligate destruction of the environment and nonrenewable resources (species, oil), we are stealing from all future generations, for a brief moment of pleasure for the current generation. We are sentencing our children and all future generations to an impoverished existence. We are planet destroyers. We are beyond contempt. When a politician asserts that we are doing something "for our children" is almost invariably a complete lie. When you hear one assert this, ask him what his proposed action will do to stop the mass species extinction. Through its planet-destroying growth-based economics system, the current generation of mankind is in fact sentencing its children to death. It is setting the stage for and orchestrating the largest genocide in human history.

13. Focusing on the irrelevant. A recent (July 2008) survey reported (CNN's Wolf Blitzer's Situation Room) that Americans are most concerned with the economy, high energy (gasoline) prices, the home mortgage crisis, the war in Iraq, and immigration (in that order, as I recall). In the long term, these issues are irrelevant – none of them matters if we destroy the biosphere. In the short term, the US government's policies (mass immigration, massive international free trade, open borders, programs to transfer wealth from the middle class to the wealthy (such as the US health-care system; the War on Terror; compound-interest debt)) will make all of them worse. The candidates may pretend to address the problems, but these problems are simply effects of the government's policies, and they will not be "fixed" without changing or ending the system that is causing them. The free-market economy contains a lot of random variation, and there is little that any president (or economist) can do to get rid of it. Under a financial system of debt-based money and compound interest, debts always get out of control and periodic collapses (or debt forgiveness) always occur. The price of gasoline and other energy sources is going to continue to rise, as fossil fuels deplete. The only way to reduce the price of gasoline is to reduce supply relative to demand; this would mean getting rid of urban sprawl and a mass-transportation system based on individual gasoline-burning automobiles. The candidates' talk about increasing oil production (either in the US or globally) is utter nonsense. The global and US economies will see increasing instability as fossil fuels deplete. The home mortgage crisis was caused by our corrupt financial system, and will not resolve well for the homeowners. The war in Iraq is continued by the government to transfer vast wealth from the middle class (taxpayer) to the wealthy elite (military industrial complex). If the war in Iraq ends, the US government will simply continue the "War on Terror" at other venues. The US government *wants* mass immigration, and is not about to reduce it. The quality of life for the US middle class is going to continue to decline, as the government continues the policies and programs that have caused this and will continue to cause it.
14. Voting machines. For years, the government has been promoting the use of automated voting machines. These machines have proved to be unreliable. Worse, the waiting times during elections have grown massively longer with them (up to three hours at many polling stations in the recent election. This is but one more example of a situation in which technology shifts the burden to the public (e.g., in the case of automated

telephone systems, which work far less well than human operators and require the caller to expend much more of his personal time). Today, the price of a voting machine is about $3,000. Manual voting systems worked very well, and used but a little paper (most staff on election day are volunteers, with either manual or electronic voting machines). The government has no economic basis for the move to electronic voting machines, other than to generate wealth for computer makers – and enhance its ability to control the outcomes of elections.

15. *Cherchez l'argent*. You hear many lies about the reasons why the government does things. To justify the war in Iraq, for example, the government asserted a sequence of justifications, all of which were shown to be false: to destroy Saddam Hussein's weapons of mass destruction; to replace Hussein because he was a cruel dictator; to bring democracy to Iraq and the Middle East; to capture Osama bin Laden; to keep the War on Terror "over there." The real reason was always to obtain access to Iraqi oil (see, e.g., my article It's the Oil, Stupid, written shortly after the war began). In his book, Illicit, Moisés Naím states the following: "In the classic scenario of *film noir*, detectives applied a formula to help them solve crimes: *"Cherchez la femme."* Look for the woman. A man's atypical behavior always had the passion sparked by a woman as his main motivation. Find the woman and the puzzle would be solved. A similar instinct tends to drive thinkers and decision makers in world affairs. For them when something happens in the world, it is a case of *"cherchez l'Ētat."* Look for the state behind it and you will be well on your way to understanding the situation." In my view, Naím is incorrect. The correct phrase should be *"cherchez l'argent"* – look for the money. Nation-states are no longer sovereign – they are controlled by the wealthy elite, the corporatists. If you want to explain something, to understand the real reason for something that happens in today's world, look for the money – the economic reasons. Perhaps *"cherchez l'économiste"* would work just as well. (Actually, Naím is not too far off the mark. Governments – nation-states – are a principal tool of the corporatists in implementing their programs and plans. If you look for the state, you will be close to finding the reason behind an action. But if you look for the money, you will probably come closer to finding the real reason.)

The fact is that the Democratic and Republican candidates for the presidency are committed to continuation of the same system of growth-based economics that is destroying the biosphere. None is calling for a reduction in economic growth or industrial activity. The election is irrelevant – it simply does not matter who wins, it will be "business as usual." The candidates act like school-age cheerleaders, urging that "change" and "hope" and "optimism" will solve America's problems. They do not offer a single action or plan or item that will solve any of the fundamental problems facing America and the world. Every time I hear a politician promoting a position, I ask myself, "OK, but how will that stop the ongoing mass species extinction? Or, OK, but how will that stop adding more carbon dioxide to the atmosphere? Or, OK, but how will that stop the destruction of the Amazon Rain Forest?" In the context of halting the ongoing biospheric destruction, their proposals, programs, platforms and vacuous promises are irrelevant at best, but mainly contributing to continued devastation.

That our current growth-based system cannot continue is obvious, but our political leaders continue to call for more growth, and to devise means to achieve it. Growth in jobs. Growth in new-housing starts. Growth in the gross domestic product. This policy is doomed to fail. Why do the people listen to such rubbish? In view of the absurd programs and policies our politicians preach to the electorate, they evidently consider the electorate to be utter fools. In view of their record in messing up the world – the environment, the economy, and society in general – it is clear that the politicians running for office are completely unqualified to lead our nation.

Perhaps this is one reason why they rarely say “I am qualified,” but instead run negative ads that say “My opponent is unqualified.” They can honestly assert the latter, but cannot in good conscience assert the former.

Both political parties and their candidates stand for exactly the same thing – perpetuation the same corrupt political / economic system that nurtures the wealthy elite at the expense of the middle class. My step-daughter asked her mother (my wife) recently to name one fundamental difference between Obama and McCain, and she could not. They stand for exactly the same basic things: the same growth-based economic system; the same debt-based money / compound interest system; the same private banking system; the same income-tax system; the same privately-owned central bank; the same private health-care system that funnels massive wealth to the medical establishment; the same free-trade system that has destroyed our manufacturing base and destroyed the quality of life for the middle class; the same urban sprawl; the same population growth that has destroyed our environment and living space; the same bailout of the financial sector using taxes from the middle class; the same open borders; the same mass immigration; the same corporatist society (where corporations have the same rights as natural persons).

Increased population growth is destroying our environment, living space, and quality of life for the middle class. On television recently (Today, December 12, 2008) I heard someone say that the fact that the US population is increasing by three million people per year is a “saving grace” that will help bring an end to the current decline in housing prices. The fact that the world and the country and all future generations are being destroyed by the current generation’s addiction to economic growth was not of the slightest concern to that person (whether he was an idiot or consummate evil incarnate).

One may be tempted to believe that America’s destruction of its manufacturing capacity, with the concomitant loss of millions of jobs and the creation of a massive trade deficit, is the result of stupidity of our leaders, who voted for “free trade,” or of the US wealthy elite, who allowed this to happen. America lost its manufacturing base and high incomes for its middle class not because of the stupidity of its government leaders or its wealthy elite, but because of their own stupidity of the people in allowing this to happen. The citizens’ leaders and wealthy elite deliberately destroyed America’s manufacturing capacity out of the motive for increased profits and the obscene riches of “finance.” The Founding Fathers established a government of, by and for the people, but the current generation of citizens has thrown this away. They have believed the litany of lies told by politicians in their “dog and pony” shows. At some point, they will come to realize how badly they have been duped, and they will be very angry.

Petrogeologist Colin Campbell once remarked (in the documentary A Crude Awakening) that it is very unlikely that politicians will be able to solve any of the current pressing problems (such as Peak Oil). He observed that it is much easier for a politician to react to a crisis while it is happening than to take steps to plan for it and prepare for it in advance. This explains (in part) the government’s response to Hurricane Katrina, when it knew in advance that it was likely to occur someday and cause the damage that it did, and the complete lack of action taken in response to the first terrorist attack on the World Trade Center, years before the 9/11 attack. Hoping that the government will solve today’s significant problems is very wishful thinking.

Miscellaneous Technical Reasons

The preceding paragraphs have discussed a number of reasons why US society is going to collapse, and soon. The reasons discussed above were sorted into a number of categories that were defined either because they encompass an area about which much has been written (e.g., America's discontent) or are very specific and germane (e.g., Peak Oil). This section includes a final category of reasons which are of a more general nature. They relate to a number of subjects, including history, ecology, and economics.

The Fates of Human Societies

Recently, Jared Diamond wrote two fascinating books on the rise and fall of human societies. The first of these was Guns, Germs and Steel: The Fates of Human Societies, published in 1997, and the second was Collapse: How Societies Choose to Fail or Succeed, published in 2005. These books analyze the rise and fall of human societies over the ages, and identify the major factors involved. In Diamond's view, the principal factors that are involved in the rise of human societies are environmental, not biological. He asserts that advanced societies can emerge only in regions capable of enabling the accumulation of food surpluses. He supports his theses with detailed analysis of many examples. Apart from an abundance of fertile land and rainfall, the major factor has been the local availability of wild plant and animal species that could easily be domesticated.

With respect to analyzing reasons why societies fail, Diamond focuses mainly on physical reasons, such as changes in the environment. Diamond's five major factors relating to environmental collapse include environmental damage, climate change, hostile neighbors, friendly trade partners and society's responses to its environmental problems. The major sources of environmental damage are: (historical reasons) deforestation and habitat destruction, soil problems, water problems, overhunting, overfishing, introduced alien species, human population growth, increased per-capita impact of people; (new reasons) human-caused climate change, buildup of toxic chemicals in the environment, energy shortages, and full human utilization of the Earth's photosynthetic capacity.

An earlier book in this subject area is Joseph Tainter's The Collapse of Complex Societies (1988). Tainter asserts that "civilizations are fragile, impermanent things." He asserts that societies evolve to greater and greater complexity, to the point where the marginal return from greater complexity declines. At that point the rational response is to move to a lower level of complexity, which is often collapse (but not always total collapse, as evidenced in the case of recent empires, such as Britain, France, Spain, the Netherlands, the Soviet Union and others). Diamond presents an interesting discussion of Tainter's work in Collapse (pp. 420-421). Tainter's thesis is that the collapse stems from a failure "of group decision-making on the part of whole societies or other groups." Diamond discusses the reasons why so many societies make bad decisions, and presents four major categories of reasons: (1) failure to anticipate a problem before it arrives; (2) failure to perceive the problem after it arrives; (3) failure to try to solve the problem after they perceive it; and (4) trying to solve the problem but failing to solve it. While it may seem difficult to comprehend how large organizations could fail in any of these areas, one has only to consider specific examples of the failure or near-failure of large firms, such as the near-collapse of IBM from competition from the microcomputer, a very successful version of which it itself introduced (in 1983); the recent collapse of Bear-Stearns; the collapse of Barings Bank; the collapse of Long-Term Capital Management; the bankruptcies of Orange County (California), Eastern Airlines, TransWorld Airlines, Pan American Airlines; the rise and fall of Germany's Third Reich.

One has to wonder how large organizations, such as countries or large firms, can fail so spectacularly, when the cause of their failure is so obvious in retrospect. Part of the problem is denial. People simply don't want to hear unpleasant things. When I mention at a cocktail party that the world's population will plummet as soon as oil depletes and that most people's grandchildren will not exist, people are horrified and don't want to discuss the topic any more. They don't care about the reasons. They reject the reasons. They reject the premise. When Hillary Clinton remarked that she planned to stay in the presidential race until "the end," because "things can happen" in a presidential race, such as Bobby Kennedy's being assassinated on June 5, 1968, people were horrified that she would say such a thing. But it is a perfectly rational observation to make. The point is, people will simply ignore or deny or reject things that are unpleasant. The US is in imminent danger of catastrophic collapse, and there is little than can be done about it. People do not want to hear this, and they do not want to hear the arguments that support this position.

Arnold Toynbee (A Study of History, 1946) observed that civilizations fail when they fail to adequately respond to a new threat.

History

Jared Diamond's work is a detailed analysis of history, in an attempt to identify the causal factors leading to rises and falls of human societies. There are many works on history, but most of them are primarily descriptive, not analytical. An example of an older work of history that is analytical in nature is Arnold Toynbee's A Study of History (1946). All history is relevant to the present work, but to be useful it must be subjected to critical analysis. As has been repeated many times, those who do not learn from history are destined to repeat it. Other works on history, most of them descriptive in nature, include the following:

- The Outline of History, by H. G. Wells (1949-1971)
- An Historian's Approach to Religion, by Arnold Toynbee (1956)
- The Decline of the West, by Oswald Spengler (1926)
- The History of the Decline and Fall of the Roman Empire, by Edward Gibbon (1788)
- War and Civilization, selected by Albert Vann Fowler from Toynbee's Study of History (1950)
- Warfare in the Western World, by Robert Doughty et al. (1996)
- A History of Warfare, by John Keegan (1993)
- The Man Who Invented Hitler, by David Lewis (2003)
- Arktos: The Polar Myth, by Joscelyn Godwin (1996)
- The Occult Roots of Nazism, by Nicholas Goodrick-Clarke (1985, 1992)
- The Arabs, by David Lamb (1987)
- A Peace to End All Peace, by David Fromkin (1989)
- The Africans, by David Lamb (1983)
- How the Irish Saved Civilization, by Thomas Cahill 1995)
- Treason in America from Aaron Burr to Averell Harriman, second edition, by Anton Chaitkin (1984, 1985)
- A Short History of Nearly Everything, by Bill Bryson (2003).

Carrying Capacity

In some instances, civilizations collapse when they run out of an essential resource, such as timber or water (e.g., from climate change or human-caused deforestation). Animal populations

and human populations alike usually breed to the limit of the food supply, and if the food supply collapses, then the society collapses as well. A widely read book on this topic is William R. Catton's Overshoot: The Ecological Basis of Revolutionary Change (1982). Many populations go through the sequence of overshoot (growth beyond an area's carrying capacity) and collapse (die-off). Many authors have examined the issue of carrying capacity. Two good books on this topic are Joel Cohen's How Many People Can the Earth Support? (1995) and David Pimentel and Marcia Pimentel's (editors) Food, Energy, and Society, revised edition (1996, 1979).

Political Ponerology

In 1998, Andrew Lobaczewski published the book, Political Ponerology: A Science on the Nature of Evil Adjusted for Political Purposes. The thesis of this work is that political leaders are often able to accomplish incredible destruction because they are psychopathically ill. Moreover, they may be assisted in their process of destruction by a mutual pathological illness on the part of their subjects. The phenomenon the Lobaczewski describes appears to be a large-scale version of the shared psychotic disorder (described in the SDM-IV Psychological Manual), or *folie à plusiers*.

Resource Wars

When important resources become scarce, nations go to war over them. The most recent example of this is America's invasion of Iraq for oil. Oil has been the root cause of most wars of the twentieth century, such as Japan's entry into the Second World War. Books on this subject include Michael T. Klare's Resource Wars: The New Landscape of Global Conflict (2001) and Thomas Homer-Dixon's Environment, Scarcity, and Violence (1999).

Catastrophe Theory, Chaos Theory, Dynamical Systems Theory

For the past several centuries, scientists have developed mathematical representations, or models, to describe the behavior of physical (real-world) systems. Examples include Kepler's laws of planetary motion, Newton's laws of classical physics, Maxwell's laws of electromagnetism, and Einstein's theory of relativity. For the past two centuries, much work has been done in the use of the theories of probability and statistics to describe and predict natural phenomena, including social and economic systems. With the advent of the digital computer, computer simulation ("Monte Carlo" methods) has been used to solve problems that could not be solved "analytically" (i.e., with "closed-form" solutions (formulas)).

Early work in applying computer simulation to analyze dynamic systems was conducted by MIT Professor Jay Forrester. Concurrently, much work was done (chaos theory, catastrophe theory) in analysis of deterministic dynamic systems that exhibit erratic behavior, such as abrupt changes in behavior or high sensitivity to initial conditions.

Professor Forrester developed simulation methodology for analyzing dynamic systems of various sizes, ranging from industrial systems to planetary-level systems. What he observed in many simulations of dynamic systems is that they do not decline gracefully but tend to collapse catastrophically. Examples of application of the system dynamics methodology are presented in The Limits to Growth: A Report for the Club of Rome's Project on the Predicament of Mankind, second edition (1974) by Donella Meadows, Dennis Meadows, Jørgen Randers and William Behrens and Beyond the Limits: Confronting Global Collapse, Envisioning a Sustainable Future (1992).

Workers in the field of chaos theory (e.g., the "butterfly effect") have also identified examples of natural systems that exhibit chaotic behavior, including weather systems and human societies. Malcolm Gladwell's The Tipping Point (2000) posits the hypothesis that many dynamic phenomena progress to a point where a small change in system input or environment causes a massive change in system behavior. (Note that chaos theory is concerned with *deterministic* systems, not *stochastic* ones. The popular notion of a "butterfly effect" in which a butterfly flapping its wings somewhere may eventually lead to a catastrophe somewhere else is a rather extreme example. The "classic Lorenz system strange attractor" butterfly is an example of a nonlinear dynamic system that is highly sensitive to initial conditions. It is a deterministic systems, and the "butterfly" refers to a graph of the function (e.g., Figure 2.6 of Courtney Brown's Chaos and Catastrophe Theories, Sage University Papers, Series: Quantitative Applications in the Social Sciences, Series/Number 07-107, Sage Publications, 1995). To date, the academic work in chaos and catastrophe theories has not been of much practical value. Here follows a quote from the cited work by Brown: "More specifically, chaos and catastrophe theories *per se* address behavioral phenomena that are consequences of two general types of nonlinear dynamic behavior. In the most elementary of terms, chaotic phenomena are a class of deterministic processes that seem to mimic random or stochastic dynamics. Catastrophe phenomena, on the other hand, are a class of dynamic processes that exhibit a sudden and large scale change in at least one variable in correspondence with relatively small changes in other variables or, in some cases, parameters." Wikipedia contains good write-ups on chaos theory, catastrophe theory and ergodic theory, including references to early workers in the field, such as René Thom, Erik Christopher Zeeman, Jacques Hadamard, A. N. Kolmogorov, and Benoit Mandelbrot (fractal geometry). The term "butterfly effect" was popularized from the title of a paper given by Edward Lorenz in 1972, entitled, "Predictability: Does the Flap of a Butterfly's Wings in Brazil set off a Tornado in Texas?")

While no mathematical models have been developed to help predict the timing of societal collapses, modern science and the scientific method provide a wealth of methodologies and techniques for analyzing system behavior and describing macroscopic and long-term behavior. The interesting observation to be made is that dynamic systems occasionally tend to experience abrupt changes, such as exponential growth or catastrophic collapse, rather than forever evolving slowly and smoothly into different states. Natural systems seem to evolve to overall stable equilibria (e.g., the ecology of a continent may be similar for eons, in the absence of catastrophic events such as earthquake, climate change, volcanic eruption, or asteroid collision). It seems that human societies tend to "crash and burn" by war or other cataclysmic event, rather than morph peacefully into different forms. History shows that civilizations do not last very long, and as the pace of things accelerates, their expected lifetime appears to be decreasing. If human society is going to have any chance of long-term survival, it is going to have to become once again a small part of the planet's natural ecosystem (as it was for millions of years).

The really incredible aspect of the current planetary crisis is that it is of utmost importance (mass extinction of species, global warming, ruining of the quality of life for all future generations, possible extinction of mankind), is well understood, and is completely within the physical power of humankind to resolve, but world leaders are doing absolutely nothing to do so. It is absolutely amazing! Mankind has the intelligence to comprehend the situation and do something about it, yet it does nothing to address it, and continues the activity (large human numbers and global industrialization) that make the situation even worse. It is mind-boggling. It makes you wonder who or what is in control of humanity, since it is hard to imagine an intelligent species deliberately committing mass suicide.

Economics

Perhaps the most significant book on the subject of economics is Nicholas Georgescu-Roegen's The Entropy Law and the Economic Process (1971). The fundamental premise of Professor Georgescu-Roegen's work is that economics must take energy and entropy into account. His ideas are summarized in Herman Daly's Beyond Growth (1996) and (with John Cobb) For the Common Good, revised (1989, 1994). Discussion of the importance of entropy to mankind's activities is presented in Jeremy Rifkin's Entropy: Into the Greenhouse World, revised edition (1980, 1989).

Money, Interest and Debt

The current planetary crisis, involving mass extinction and planetary warming, is obviously a life-and-death matter for mankind. It hence seems very strange that, while the reason for the current planetary crisis is so obvious – large human numbers and high levels of industrial activity – nothing of any significance has been done to attempt to stop the system from doing further damage to the biosphere. There must be some fundamental reason for this. And there is. The current system of economics manifest throughout the world ("growth-based economics") is inextricably bound to economic and physical growth – it cannot be stable (since it is based on macro-level exponential growth), and it cannot shrink without collapsing catastrophically. The reasons for this are a little complicated, and so I will start out by presenting some very simple examples to illustrate basic economic concepts related to money, interest and debt. These simple examples are "limiting cases" that exaggerate certain features, but they serve well to indicate tendencies of real-world systems.

What is money? Money is simply a convenient medium of exchange, to simplify the transfer of wealth assets. In times past, items having some intrinsic value were used as money. These included gold and silver coins – the gold and silver were of value in and of themselves (specie), for jewelry, utensils, and *objets d'art*. The coins could be melted into any form, such as a necklace or an ingot or a cup or a figurine, and the value was the same. Another example is cattle. In primitive tribes, valuable items, such as wives, would be traded for a certain number of head of cattle. Pretty seashells, beads, furs and semiprecious stones have also been used as money.

(I have defined money above simply as a medium of exchange. This is a restricted definition. A more rigorous and comprehensive definition is found on the Wikepedia entry for "Money." "Money is anything that is generally accepted as payment for goods and services and repayment of debts. The main uses of money are as a medium of exchange, a unit of account, and a store of value. Some authors explicitly require money to be a standard of deferred payment." "Money is generally considered to have the following characteristics, which are summed up in a rhyme found in older economics textbooks: 'Money is a matter of functions four, a medium, a measure, a standard, a store.' That is, money functions as a medium of exchange, a unit of account, a standard of deferred payment, and a store of value.")

To simplify transactions even further, at some point paper bills were used in place of items (such as coins or ingots) having intrinsic value – large amounts of physical wealth may be transferred much more easily and safely by transferring a single paper document (such as a receipt for a gold deposit), than by transferring a large number of metal coins or cattle. Initially, paper bills used for money represented real value – the bills could be exchanged for the gold or silver that they represented.

Wealthy individuals who owned much gold were invariably asked for loans. If a fee is charged for the loan, and the amount of the fee is proportional to the value of the loan and the duration of the loan, then this fee is called "interest." In earlier times, the word for interest was "usury." Initially, usury was proscribed by Judaism, Christianity and Islam, although Judaism permitted charging of interest by Jews to nonJews. The practical reason for this prohibition is that if the charging of interest is allowed, then eventually (in a closed society) all wealth becomes the property of those making the loans. The organized religions did not come right out and say that this was the reason by usury was prohibited – it was couched in arcane theological reasons, such as "interest is placing a value on time, and time is the property of God." As trade began to flourish in the late Middle Ages, the demand for credit increased dramatically. It became impractical to prevent the charging of interest, and so the definition of "usury" was changed by Judaism and Christianity to mean "excessive" interest. The charging of interest is still proscribed by Islam (and ways to circumvent it are the basis of "Islamic banking").

Organized religion is the handmaiden of government. It was the government leaders who did not want the lenders (bankers) to become independently wealthy, and a power threat. The church accommodated by declaring that usury was a sin. The religious objection of Christianity and Islam to usury was one of the reasons why Jews and Masons were prominent moneylenders in the Middle Ages. They had no religious scruples against charging of interest, and the state did not feel bound to enforce their contracts. When capitalism flowered near the end of the Middle Ages, the church once again accommodated by declaring that charging of interest itself was not a sin, just charging of "excessive" interest (whatever *that* means!).

As I mentioned, the problem with allowing lenders to charge interest is that eventually, in a closed society, they will own everything and the borrowers will own nothing. A couple of simple examples will illustrate this. Consider the example of a nomadic tribe that owns cattle, which are the medium of exchange. Suppose, in a very simple example, that the chief owns ten cows and a tribe member owns one cow. Suppose that the tribe member asks the chief for a loan of ten cows, and agrees to repay eleven cows at the end of a year. Assuming for the moment that no calves are born during the year, at the end of the year the tribe member repays the loan by returning the chief's original ten cows and his own cow – the "interest" on the loan. At this point, the chief – the lender – now owns all eleven cows and the tribe member – the borrower – owns no cows.

Obviously, the time required for the practice of charging interest to ultimately transfer all wealth to the lenders depends on how large the loans are, what the interest rate is, and how long their terms are. If no loans are made, or if no interest is charged, nothing happens.

As a second example, simply replace the cattle with gold coins. The results are exactly the same.

A way out of the dilemma of the lenders' eventually owning everything is for the government (e.g., the tribal chief) to tax the lender, and return the interest to the borrower as wages for a job, or as a gift ("transfer payment"). Another solution is to declare all debts (such as unpaid interest) to be null and void every few years, as in the practice of having a "Jubilee" year in Judaism (every 50^{th} (or 49^{th}) year, all debts to other Jews are forgiven and all Jewish slaves are freed). A third solution is to restrict the making of loans and the charging of interest to the state, e.g., by having the state own the bank. This last approach would not be appealing to private bankers. Another remedy is bankruptcy (the annulment of debts by the government), or limited debt forgiveness (as has been done for some third-world countries).

As long as the money has intrinsic value, it is possible for the borrower to create some money and repay the loan with the created money. For example, the herdsman may borrow ten cows from the chief, breed them for a year, end up with two additional head of cattle, repay the chief his ten-cow loan plus one-cow interest, and end up owning a cow of his own. He put the loan to productive use. Similarly, in the gold-coin example, if the borrower borrows ten gold coins, he may use the loan of ten gold coins to open and operate a gold mine for a year. If after expenses he shows a profit of twelve gold coins, he repays the lender eleven (ten loan principal and one loan interest) and remains with a profit of one gold coin. To increase their control over money, governments do not like to allow individuals the privilege of coining their own money, however, and so this option is not of practical value. Most governments require use of a single, "sovereign" currency for payment of all debts, public and private. When a government requires payment of taxes in a specific currency, that currency is called "fiat" money (since it is established by government decree, or "fiat"). (Some refer to money that is not backed by a physical commodity as "fiat" money, and some use the term to refer to money that is not backed by anything of value at all, not even debt. The key notion, however, is that the use of the currency is required by law as the means of paying taxes.)

Note that if new money is created, e.g., by breeding more cattle or mining more gold), then it is not inevitable that the lenders will eventually end up with all of the money. All that is required to avoid the transfer of all wealth to the lenders is for the rate of creation of money (the "growth" of the economy) to be at least as large as the interest rate. This by itself is not a long-term solution, however, since it is not possible for growth to continue indefinitely in any closed (finite) system, such as Earth.

Fractional-Reserve Banking

At the end of the Middle Ages, with the expansion of trade to the ends of the earth, much gold was obtained by Western society (e.g., the empires of Britain, France, Holland and Spain). The money supply grew hand in hand with both the gold supply and the expansion of economic activity. Over time, as the amount of gold and silver in storage grew, it became clear that very little of the gold and silver that was deposited with bankers was ever withdrawn. Eventually, the bankers decided that they could make loans the total value of which exceeded the value of the metal deposits that they owned, and no one would be the wiser. This practice was called "fractional-reserve banking." It worked fine unless all of the depositors demanded to withdraw their gold at the same time – a "run" on the bank – at which time the bank became insolvent (collapsed). Because of the tremendous value of credit in commerce, and the desire of several world empires to expand their commerce rapidly, governments decided that it would be advantageous to allow the practice of fractional-reserve banking to continue. To accomplish this, it agreed to back individual commercial banks in the event of a "run." Each government set up a "central bank" that stood as the ultimate guarantor of all deposits. The only way that depositors would lose their money was if the government went bankrupt. Fractional-reserve banking worked well, and became the basis for banking worldwide.

Under this practice, banks could receive a paper-money loan from the government equal to many times the value of the gold or silver on deposit. The ratio of the loan to the deposit is called the reserve ratio. A typical value of the reserve ratio is nine to one, i.e., a loan of nine paper dollars is granted in exchange for a deposit of one dollar's worth of metallic gold (or other precious metal). The central bank charges the private bank interest on this loan. The interest rate is called the "discount rate" (or prime credit rate). Obviously, the bank is not going to loan any money that it cannot lend out in turn at a higher rate of interest. In practice, most borrowers do not actually want physical dollars, but simply a posting of the loaned amount to their

checking account (coins were replaced by paper notes, and then paper notes by journal entries). For this reason, only a small fraction of the amount of dollars loaned by a commercial bank from the central bank is actually printed. The physical dollars transferred from the central bank to the commercial bank are just those few that people actually request, for convenience as circulating currency (or replacement of worn-out bills). The principal role of the gold is simply as an indicator of the financial standing of the banker – it is understood and agreed that under fractional-reserve banking he cannot provide gold in exchange for all of the outstanding "gold-backed" notes. Not even a central bank can do this: it may stand behind a "run" on a single bank, but it cannot provide gold to back all of the money for all banks (by the definition of "fractional reserve"). In fact, the central banks of today now back paper money with more paper money, not gold. Ultimately, the operational value of money depends on trust in the soundness of the government backing the money.

Under the scheme of fractional-reserve banking, the government can easily control the money supply by making changes to the discount rate. It does this in such a way as to support an orderly (stable) financial system and promote a healthy ("growing") economy – the availability of sufficient credit to accommodate the demands of its wealthy merchants, but not so much as to cause a high level of inflation (through rising prices caused by the availability of too much easy credit). It is important to realize that under the fractional-reserve banking system, although dollars may theoretically be redeemed for an equivalent dollar amount of gold, the total amount of money in existence (circulating currency plus demand deposits) is many times the dollar value of the gold "backing" it (by the size of the reserve ratio). A few individuals would be able to cash in their dollars for an equivalent amount of gold at any time, but it would be physically impossible to cash in all of the dollars in existence at once for gold (since the face value of the dollars exceeds the dollar value of the gold by the reserve ratio). Most of the actual value of money is backed up not by gold, but by promissory notes from lenders to banks.

In adopting a fractional-reserve-requirement money-and-banking system, a fundamental change has taken place – the total value of all of the money in existence (either in the form of physical currency in circulation or as deposits in bank accounts) is many times larger than the value of the gold backing it. If the fractional reserve requirement is nine to one, for example, then the total value of the money is nine times the value of the physical gold backing it up. Most of the value of the money is now represented in promissory notes from borrowers to banks. The money is largely based on debt, not on metal assets (specie, items of intrinsic value). For example, with a reserve ratio of nine to one, the "value" of the currency is represented by about ninety percent loans and ten percent gold. The system works because most loans are sound. Note that if a large proportion of loans go bad, then the amount of money in circulation decreases. Note also that since most of the value of money is represented by debt and not by assets (gold), if the amount of debt is reduced, the amount of money is correspondingly reduced. The primary function of the bank, in exchange for its ability to charge interest on government-issued money, is to assess the quality of loans and grant good ones. Since the "value" backing the money is the worth of the loans (debt) on which the money is based, this is a very important function (which is not always performed, e.g., the savings and loan scandal of the 1980s and the current home-mortgage crisis). In switching to fractional-reserve-requirement banking, it is no longer true that a bank makes loans using its depositors' funds – the money lent is simply created out of thin air, based on the loan that the commercial bank receives from the central bank. This is an amazing feature of our money system, and most people do not realize it. Most people think that when you get a loan from a bank, the bank is using other people's deposits to make the loan, which is generally false. (It is absolutely false with fractional-reserve banking when the reserve requirement is less than 100 percent. If the bank

loans only deposits, then the “reserve requirement” is 100 percent.) The reality in the present system is that money is created only when debt is created.

The fraction of gold value that the banks were required to keep was often about one-ninth of the outstanding loans, but it could be much lower, such as one-twentieth or one-thirtieth. The practice of having currency (money) backed up by gold (or silver, or other precious metal) was continued well into the twentieth century. The Bretton Woods Agreement near the end of World War II endorsed this approach to banking. As the entire world started to industrialize in the latter part of the twentieth century, it became clear that there would be a requirement for much more money to fund the global economy than was backed by world government gold reserves (such as at Fort Knox at a nine-to-one reserve rate). In response to this need, President Richard Nixon abandoned the practice of backing money with precious metals. (When I was younger, every dollar bill contained the inscription “Silver Certificate.” On at least one occasion I traded paper dollars for silver dollars at a bank – the banks indeed had silver in their vaults! After 1971, the Silver Certificates were all withdrawn, and “Federal Reserve Notes” were issued in their place – and US dollars would no longer be redeemed for gold or silver.) (Nixon didn’t simply dream up this change on his own. To stabilize the world’s currencies (under a system of fixed exchange rates), the US had agreed to purchase gold at $35 per ounce, and it became increasingly difficult to do this as the global economy expanded (as global debt increased massively.)

When Nixon abandoned the Bretton Woods Agreement, banks were permitted to use promissory notes (IOUs) instead of gold as backing for money. Previously, banks could lend up to nine times (say) of the value of the gold on deposit. This meant that if a bank deposited one dollar’s worth of gold with the central bank, it would be granted a loan of nine paper dollars by the central bank. Now, the banks could deposit one dollar of paper currency with the central bank, and receive a loan for nine paper dollars. It could then loan out these nine paper dollars. At this point, the currency was not backed up by gold, silver, or any other standardized commodity of value – the paper currency was backed up by paper currency! The present global monetary system is a complete house of cards, based entirely on debt (IOUs) from borrowers to banks.

It should be recognized that at this point, with the abandonment of the practice of backing the currency with gold (or other valuable, stable commodity), another fundamental change has taken place in the monetary system. Previously, the money was “metal based” (“representational” money) – the money was backed up by an equivalent amount of gold for individual withdrawals, and by a fractional amount of gold overall. The large demand for credit was accommodated by the fractional reserve requirement, but individual depositors were assured that the central bank would give them gold or silver – intrinsic value – for their dollars, whenever they wished. Now, there was nothing backing up the currency, so that the government would not redeem paper dollars for anything. This is known as “debt-based” money. The money is backed by debt (from borrowers to banks), not by valuable commodities (such as gold). Under a debt-based money system, money is not based on valuable physical commodities such as gold, real property, or physical infrastructure, other than whatever “collateral” may back the loan.

This point bears repeating. The key point to understand here is that money is created directly as the result of a loan. Banks do not use the money from one depositor to lend to another. When someone borrows money from a bank, the money is created out of nothing. When the loan is repaid (or the debt goes bad), the money disappears. Banks loan money that they do not possess – the money for a loan is created the instant that the loan is made. Today’s money

is debt. It represents the value of loans. It does not represent a physical commodity, such as gold or silver.

This shift from metal-based money to debt-based money is a profound one in concept, but it does not make much difference in practice – in either case (under fractional-reserve-requirement banking) most (or all) of the value of money is debt, not precious metal. Under either system, the government may influence the total amount of money in circulation (i.e., the total amount of credit) by changing the discount rate. If people reduce their borrowing, then the money supply contracts.

Under either (fractional-reserve) system, with a high reserve ratio most of the value of money is based on debt. If the debts go bad (e.g., as in the current home mortgage crisis) or are paid off, then the money supply contracts. Note that this means less money for everyone. In order for people to be able to repay their bank loans under the current system (money based totally on debt), then other outstanding loans must exist – otherwise, since money is now based on debt, if there is no debt there is no money. For the system to keep operating, it is absolutely necessary that high levels of debt continue. Money is now debt. Under this system, if there is no debt, there is no money.

Since, when creating a loan the bank creates only the principal and not the interest, in order for a lender to be able to repay the interest associated with the loan, additional loans must be created. In the long run, for the interest to be repaid, loans must be created in value equal to the amount of the interest charged, and *never* repaid. This is why a debt-based system of money, with interest, *has to* continue to grow. All interest charged becomes debt that can never be repaid. The "impossible contract" becomes possible only if the system grows, and additional money (debt) is created that is never repaid. This unpaid interest becomes the national debt. In a debt-based system of money, the national debt continues to grow forever, and can never be repaid.

Debt-Based Money Plus Interest Equals Economic Growth

The central bank has to charge a positive interest rate on its loans, to keep the money supply stable. Otherwise, the commercial banks could borrow as much money as they pleased, in which case massive inflation could occur. Since banks (the central bank and commercial banks) charge interest on their loans, each year, the system must grow by the amount of interest charged. Otherwise, all of the loaned money would eventually return to the banks, and there would be no money available to pay interest. The system continues to grow at the interest rate, or it collapses. And this feature has profound implications for the future of the planet. It bears repeating – the world economic system, based on money as debt, must continue to grow, or else it will collapse. The fact that the total amount of *debt* must keep increasing, absurd as this may be, is not the disturbing aspect of this. The disturbing consequence is that the *economy* must continue to grow (lenders must work to repay not only the loan, but also the interest on it). The gross domestic product must continue to "keep ahead" of the ever-increasing debt (money supply). The disastrous consequence of this is that the economy *must* continue to grow, or it will collapse. This means that the level of industrial activity must continue to grow. The consequence of this is that the destruction of the planet's biosphere that is caused by industrial activity must continue to increase, as long as this system (debt-based money, interest) continues. And all of the world's wealthy elite are working very hard to make sure that it continues.

Growth-Based Economics Destroys the Planet's Environment

In simple terms, the growth of an economy in a year equals the amount of interest charged by banks. Each year, the global economy grows by this amount. This is an exponential growth process. The only way that it can continue is for the economy to continue to grow. But an exponential process cannot continue indefinitely in a finite system – eventually (and very quickly) it will terminate. Economic growth consumes natural resources, and so the limiting factor for any economic system is the biosphere. (Nicholas Georgescu-Roegen has more to say about this, from the viewpoint of energy and entropy, but I will not complicate the discussion any further.) Since economic growth is destructive of nature, the collapse of the economic system occurs with the collapse of the natural system (in mathematics, an exponential process may continue indefinitely (in an "open" system)). Note that even if central banks charge "simple" interest on their loans to the private banks, the system grows exponentially (since, each year, the economy grows, and the following year's money / debt is roughly proportional to the size of the economy).

In summary, the global system of debt-based money (combined with interest) is destroying the biosphere, at an exponential rate. This process is totally independent of the enslavement of poor individuals and countries by compound-interest debt – it would happen even if no poor individuals and countries had any debt whatsoever. All that is required is for there to be *some* debt-based money – some level of economic activity. This activity could be conducted solely by responsible corporations that repay all loans on time and never become slaves to compound interest (to be discussed in detail later). The system of growth-based economics (debt-based money, interest) is *guaranteed* to destroy the biosphere. The planet is in the grip of a pernicious disease, a malignant cancer that is destroying it. As long as the current system of growth-based economics continues, the destruction of nature will continue.

Private Banking

A key feature of the US and world banking system is that the world's governments allow private banks to exist. It is the private bank that makes the loans and creates money (the government just issues the small amount of physical cash (paper bills or coins) that is needed). This has the effect of transferring all of the interest on the debt to the private bankers (above the discount rate, which is paid on loans made by the private bank from the central bank). Some people object strongly to this, arguing that the government should own the banks, make bank loans, charge the interest, and retain it as wealth of the people. The reason why this is not done is that governments are controlled by the wealthy elite, and they want to collect the interest – most of the interest is from the people, and the wealthy do not want it going back to the people. The entity that controls the money is in control of society. Banker Mayer Anselm Rothschild once observed, "Permit me to issue and control the money of a nation, and I care not who makes its laws."

Much as been written on the subjects of money, interest and banking. Internet resources include Wikipedia's article, "Fractional-reserve Banking" and the many links cited in that article under "See also." An excellent video on debt money is Paul Grignon's "Money as Debt," posted on YouTube or at Google Video, http://video.google.com/videoplay?docid=-9050474362583451279 . See also http://one-simple-idea.com/M3MoneySupply.htm . An excellent recent book on the subject is Ellen Hodgson Brown's The Web of Debt (2007, 2008). Excerpts from Brown's book are presented in the Appendices.

Few people realize that exponential-growth processes cannot continue for very long. These processes are explosive (recall the doubling of debt under compound interest). Many articles

have been written on the phenomenon (the "paradox") of compound interest (see the Internet for examples). It is said that even Albert Einstein was impressed by the phenomenon of compound interest.

The Nature of Debt in Today's World

Some people do not worry much about the debt associated with a debt-based fractional-reserve currency and banking system. They say, for example, that as long as GDP increases faster than debt, there is no problem. The problem is that these people are in favor of a high and increasing level of industrial activity, and have little or no concern for the damaging effect that this system has on the planet's biosphere. In addition to the incentive for the current currency-and-banking system to promote economic growth, there is another insidious feature of the system. This is based on the compounding of interest, which causes unpaid debts to grow to extreme, unmanageable levels. This feature is used to make economic slaves out of individuals and countries. How it works is as follows.

Simple interest is interest that is calculated on the basis of the original borrowed amount – the "principal." An alternative system of interest is to add the accumulated interest (if any) to the principal, and calculate the interest owed on the basis of the principal plus accumulated interest. The interest charged on the accumulated interest may be calculated periodically or continuously. If the interest owed is always paid in full as the debt is retired, then the two systems produce (essentially) the same results. Over time, if a loan is not repaid, the amount of simple interest increases linearly – the interest is simply the product of the principal amount times the time that the money is owed. With compound interest, however, if a loan is not repaid, the size of the loan increases exponentially.

Debt "Pushers"; Predatory Lenders

Over the past half-century, there has been a concerted effort to induce people and countries to assume debt. In the US, consumers are deluged with offers from banks and moneylenders (such as credit-card companies) to incur debt (by the way, a "bank" is a moneylender who accepts deposits – if you simply loan money, you are not a "bank"). This debt is at very high interest rates, such as 20 percent (a typical credit-card rate), and the interest is compounded. Unless the debt is paid off every month, the amount owed (original principal plus compounded interest) quickly explodes, to the point where the amount owed is vastly larger than the amount of the original loan. This practice has been ongoing in the US for half a century now, and the amount of debt owed by American consumers is now astronomical. (The fact is that many middle-class people cannot and do not repay their credit-card debt, and are destined to become slaves to compound-interest debt.) This development has occurred with the full knowledge and consent of the US government. In fact, recently (2005) the bankruptcy law was changed to make it much more difficult for individuals to get out from massive debt – the government has become the debt collection agency for the wealthy elite lenders (attachments, liens, garnishments). No money down. No credit check. Bad credit. No credit. The lenders don't care if you default – they are delighted if you default – because they know that once you sign on the dotted line, the full force of the government will bear down on you until the end of your days, prosecuting you to collect their usurious interest charges and fees.

In addition to credit cards, other forms of consumer debt are consumer loans and home mortgages. These other forms of debt are often imposed on the public by powerful inducements, including no-money-down, no payment for a while, and gifts. A well known example of debt inducement is in the area of home mortgages. In a scheme to increase the

amount of debt (to stimulate the economy), the government encouraged the sale of houses with "no-money-down" mortgages and "creative financing," such as adjustable-rate mortgages (ARMs) that start out at interest rates that are very low (or zero) and then increase. This caused a massive increase in home building, as many financially unqualified people purchased homes and many people purchased second homes. (The scheme eventually had to fail, since most ARMs were given to people who did not qualify for standard (fixed-interest-rate) loans. The only way they could possibly repay was in a market of ever-increasing housing prices. As soon as housing prices failed to increase and the interest payments started (e.g., after five years), the borrowers could not pay.) Eventually, the scheme collapsed, and what we are seeing now is the current mortgage crisis. The government was completely derelict in its responsibility to monitor and regulate financial markets. The only people who got hurt in this scheme were the individual borrowers, since the government has now pledged to bail out financial institutions that face failure from the mortgage problem – using tax money from the middle class!

Credit cards and no-down-payment mortgages are not the only means that the government endorses to induce people to borrow. When I was young, the discount rate was very low, the currency stable, and interest rates for loans were very low (this was in the 1940s and 1950s, before Nixon abandoned the Bretton Woods Agreement and money was asset-based ("representative" money)). The term *inflation* refers to the loss in the purchasing power ("real value") of money over time. It is caused mainly by the government's allowing the money supply to grow faster than the economy (i.e., than the gross domestic product). If the rate of inflation is low, there is no incentive for an individual to invest his money. As an extreme example, if the money is backed 100 percent by gold, then the individual does not need to invest at all, if he is satisfied with his current level of wealth. But if inflation is high, then the value of money is decreasing quickly, and the individual must either spend it or invest it, because it will be worth much less in a short time. When I was young, people were advised to save. Banks paid little interest on savings (e.g., three percent), but it was still prudent to save because over a long time the money lost very little value and the money was safe in the bank. This did not please the wealthy owners of America, who want more economic activity (which generates more wealth for them), and they pressed for a higher level of inflation. Under those conditions, there is strong pressure to invest, i.e., to make loans. Otherwise, because of inflation, one's savings will significantly decrease in real value over time. This generates more wealth for the wealthy from two sources: (1) the interest on the loans; and (2) increased economic activity (from the investment).

Today, the individual is under a constant barrage of exhortations to invest (i.e., loan) his money – "don't' leave your money in the bank earning one percent interest – inflation will make it worthless." This is what the government wants, in order to transfer wealth from the middle class to the wealthy elite (from the interest on loans and from the economic activity that the loan generates). The government often states that if consumers will just keep spending – and borrowing – and investing in "growth" – then everything will be all right. Under debt-based money, money exists and the economy grows only if there is debt. The wealthy elite and the government *want* people to borrow, to keep the economy growing (even if the people have all of the consumer goods that they need). They deliberately imposed a certain level of inflation (which makes money worth less over time) to motivate people to invest (in order to maintain the value of their wealth).

There are two problems with this scheme. First, as discussed, as the economy grows, the biosphere is destroyed. The second problem with massive debt is that the borrower becomes totally under the control of the lender. (This is a social problem, not an environmental one.) Eventually, with compound interest, the point is reached where the borrower cannot possibly

repay the debt. At that point, the lender is in complete control. He can either destroy the individual financially, or reduce the debt to a point where the borrower is just able to make the payments. At this point, the borrower is an economic slave to the lender for the rest of his life. I have seen this process at work with members of my own family. When I was young, credit card use was very limited. It is now done on a massive scale. The new generation of young people is deep in debt, and will never recover as long as the present system continues. This one aspect of American life – the loss of freedom from debt, enslavement by debt – is perhaps the most significant factor contributing to decline of quality of life. You are not free if you are deep in debt. The practice of debt inducement (money as debt, compound interest, credit-card campaigns, no-money-down homes, consumer installment loans, "payday" loans, selling of mortgages and sales agreements / debt to third parties, securitization of debt, public bailouts of failed financial firms (e.g., the collapse of S&Ls, LTCM, Bear Stearns)) has been supported and promoted by US government policies, and the US government is the principal debt-collection enforcer. The US government has done this to serve the rich at the expense of the poor. While the wealthy elite may be the root source of the problem, the US government has served as a pimp in promoting massive debt, and as a henchman in providing debt-collection services. This fact contributes much to the alienation of the US middle class from the US government.

Third-World Debt

This same scheme has been used over the past half century against developing countries. A popular mass-market book on this subject is John Perkins' Confessions of an Economic Hit Man. What the developed world did was to induce third-world countries to accept loans. In most cases, these loans were never repaid, often because the proceeds were simply stolen by corrupt political leaders who had no intention of ever repaying them, leaving them for the next generation's poor to continue paying. Over time, with compound interest, the debt rose to astronomical levels. Here follows an excerpt from the article "The Terrorism of Debt" by Wanda Fish at http://www.informationclearinghouse.info/article4368.htm .

"Over the past fifty years, the IMF and the World Bank have forced economic 'development' that benefits the wealthy lenders and multinational corporations in the industrialized north and enslaves the world's poor majority in developing and third-world countries. These international loan sharks have hijacked the economies of more than 60 countries. Loans, international assistance, and debt relief are given only when countries agree to conditions set by the Bank and Fund. Free trade, market liberalization, and privatization of essential resources and services are demanded if 'financial stability' is to be achieved. While crippling interest payments force cuts in health care, education and other social services for millions of people around the globe; the banks and corporations that 'rescued' those countries report record profits. Humanitarian crises, like wars, have become lucrative business for those who have money to lend.

"Ten years ago, economist J. W. Smith warned, 'The size of the debt trap can be controlled to claim all surplus production of a society, but if allowed to continue to grow the magic of compound interest dictates it is unsustainable. The third world debt has been compounding at over 20 percent per year between 1973 and 1993, from $100 billion to $1.5 trillion [only $400 billion of the $1.5 trillion was actually borrowed money. The rest was runaway compound interest]. If Third World debt continues to compound at 20 percent per year, the $117 trillion debt will be reached in eighteen years and the $13.78 quadrillion debt in thirty-four years.'

"More shocking than the magnitude of the figures (how does one fathom a quadrillion dollars?) is the chilling fact that the debt trap robs all the surplus production of an entire society. Debt

does much more than forcing a country to work for nothing. This form of terrorism punishes the children, abandons the sick, and enslaves the adults.

“Every hour, one Filipino child dies because of debt-related poverty. Millions of children die every year in the Third World because they are too poor to buy food or medicines. Their families work extraordinary hours to earn less than $2 a day. Filthy slums with inhumane living conditions are prolific in most countries in the world, and are no longer exclusive to the third world.

“An estimated 100 million children live and work on the streets in the developing world, including 40 million in Latin America. Although many of these street children have some family links, they spend most of their lives on the streets begging, selling trinkets, shining shoes or washing cars to supplement their families' income. These children rarely go beyond a fourth-grade education. The 25 million children without families live in the streets with other street children. They sleep in abandoned buildings, under bridges, in doorways, or in public parks.

“These young victims of debt resort to petty theft and prostitution to survive. Many are addicted to inhalants which offer them an escape from reality and hunger pains -- in exchange for a host of physical and psychological problems, including hallucinations, pulmonary edema, kidney failure, and irreversible brain damage. These children are abused, even murdered, by the people who are supposed to protect them.”

The primary purpose of the world’s financial institutions, including banks, the World Trade Organization, the International Monetary Fund, and the World Bank, is to create debt – debt so massive that the borrowers cannot possibly pay it off. This is done through fractional-reserve banking and the scheme of compound interest. The loans are created out of thin air by the fractional-reserve system, and the level of this debt quickly becomes impossibly high due to compound interest at high interest rates. The third-world countries are then under the total control of the banks and international financial institutions. At some point, the debt becomes so massive that the country cannot possibly pay it back. At that point, the international community forgives some portion of the debt – just enough so that the country can still pay something and remain under the total control of the lenders. The IMF, World Bank, WTO and others impose draconian “fiscal stabilization” requirements on the country, that generate massive wealth for the international lenders in the developed countries and cause massive misery for the country’s poor. These measures ensure that the wicked, sinister, evil, planet-destroying system will continue. The current system of growth-based economics is destroying the biosphere and enslaving billions of people in grinding poverty and misery.

A key concept in the money-as-debt system is that eventually, some debt must be cancelled – the debt cannot keep growing forever. It can grow for a while, if the economy continues to grow, but nothing can keep growing forever. (Economist Kenneth Boulding once observed, “Anyone who believes exponential growth can go on forever in a finite world is either a madman or an economist.”) The debt may be cancelled by debt forgiveness or bankruptcy. Debt forgiveness, of course, is at the option of the lender. Once debt reaches unmanageable levels, the lender does not have to forgive it all – he may forgive just enough to keep the borrower “alive,” yet forever under his control. This is how third-world countries are kept in thrall forever. Their neo-colonial masters induce them to take on debt, charge compound interest until the debt is unsupportable, and forgive just enough debt to keep the country “alive.” A rather tragic aspect of the system is that the third-world debt is made by the counties’ venal leaders, and the compound interest must be paid (via taxes) by its poor citizens. The leaders make the debt that

enslaves their people, and the people pay the price – economically and through the destroyed environment that "development" projects cause – forever, or until this vile system is destroyed.

The National Debt

The debt underlying (backing) the money supply is comprised of outstanding commercial loans and US government debt (government bonds). As commercial loans are made and repaid, that portion of the money supply is created and disappears. The government portion of the debt cannot be repaid, however, since the rest of the money supply would disappear. (In particular, new debt is required to create money for lenders to use for interest payments on loans.) The money supply – the debt – just keeps on growing, as interest is paid on loans. When the government periodically declares that the national budget is "balanced," is means that there is sufficient tax revenue to pay the interest on the debt, not that the debt has been repaid.

It is often said that the size of the US national debt doesn't matter, since we "owe it to ourselves." While this may have been true at one time, it is absolutely not true at the present time. Much of the national debt of the US is now held by foreign entities, such as Communist China. As long as the lender-borrower relationship exists, the borrower is under the control of the lender. If the borrower is the US government and the lender is the US population – and the US government serves the people – this is not a grave concern (it funnels interest to the moneylenders, but the government can always print more (taxation by inflation), but in doing so it creates more debt (bonds to back the printed money)). When the lender is a foreign government, however, the situation is not good. If a father lends to a child and the debt becomes too large, the father may forgive the debt – it's all "in the family." In ancient Israel, wealthy Jews forgave all debts every 49 or 50 years (the "Jubilee" year), and the system started from scratch all over again. But in today's world, few individuals or organizations are likely to cancel debts to countries. The only time that a country's debt is forgiven is if the country is in such bad shape or the debt is so large that repayment is not possible. International banks will cancel some debt for countries that become overwhelmed with debt, but not to the extent that they lose control of the country (and only in exchange for agreements for the country to comply with conditions that favor the banks and globalization).

Much of today's US national debt is held by entities outside the US – it is external debt. (It is not at all like the debt that the US incurred via War Bonds in the Second World War – the government's debt was in fact held by its own citizens, and it was correct to characterize the debt as being owed to ourselves.) This suits the corporate controllers of the US (and the world) just fine. An America with massive national debt owed to others is easy to control – just as easy as any other third-world country in massive debt. In incurring debt with foreign entities, the United States is playing with fire. It is like a person who plays with heroin. He may be able to "kick the habit" a few times, and he will lie to himself that he can stop at any time, but very soon, he is a hopeless drug addict. For some time now, the US has, through massive immigration, been transforming itself into a third-world country. Now that it has incurred massive foreign debt, that transformation is complete. The US is now a slave to the corporatist global empire, along with all the other third-world nations. Who gains? The global corporatists. Who loses? The US middle class. The US wealthy elite made the debt (since they control the government), and the US middle class will pay it (through their taxes). Exactly as is the case for any debt-burdened third-world country.

America has joined the ranks of the third-world debtor nations. Much of its debt is now held by foreign entities, such as Communist China and the Arab states. The US population has now joined the ranks of the third-world poor, sending massive amounts of money (interest on the

debt) to the corporate controllers of the world. Similarly, it is now trying to salvage its desperate financial situation by selling its assets, such as its corporations, its highway infrastructure and its ports – even its land! Through mass immigration and open borders, America imported third-world culture on a massive scale, and it has now become a debtor nation. How ironic. How predictable. How fitting.

In China, the government makes many loans to business or industry that are never repaid. These loans become a permanent debt. These loans represent an investment in social development, and are in part responsible for the tremendous economic gains that China has realized in recent years. These permanent loans are similar to our national debt, with one very big difference – our national debt accumulates interest – compound interest that is growing at an exponential rate. Moreover, it is owed by the Chinese to the Chinese. The Chinese permanent debt is helping that country grow; whereas our national debt is helping to destroy us. Permanent debt can be useful, but only if it does not accrue interest.

(The US resembles a third-world nation not just in owing massive debt to other nations, but also with respect to manufacturing. Having moved much of its basic manufacturing capacity overseas, the United States is now in the position of a third-world nation, a colony, sending its raw materials overseas to other countries to use in making high-value-added products. For example, much of the cotton grown in North Carolina is now exported to China. Previously, North Carolina textile mills converted this cotton to thread and yarn, made textiles, and converted the textiles to end products. The entire vertical production line remained in the United States, employing US workers and keeping our nation self-sufficient.)

Interest-Based Debt Cannot Continue Forever; Economic Collapse Serves the Wealthy Well

Banks or firms that hold credit-card debt from individuals will never willingly cancel or reduce the debt. The only way that an individual is able to get out from overwhelming credit-card debt is to declare personal bankruptcy, and the US government determines the conditions under which this may be done (usually, the loss of most of his assets, except for his tools and a modest home).

It is interesting to observe the debt cancellation associated with the recent Bear Stearns collapse. The US government was willing to put up 200 billion dollars to prevent the failure of Bear Stearns, but it was not willing to save a single individual mortgage holder. Under the deal, the debt of not a single home mortgage holder was forgiven. All that the government was willing to spend for the borrowers was a few million dollars on “debt counseling” – paid for, of course, by taxes from the middle class. The US government *wants* the home mortgages to remain in economic bondage, so the home mortgage holder’s debt continues. On the other hand, the US government was willing to spend 200 billion dollars of taxpayer money to indemnify Bear Stearns. In this case the US government is transferring up to 200 billion dollars of taxpayer money (most of it from the middle class) to the wealthy elite. If the government was going to bail out anyone using taxpayer money, why not transfer some of the taxpayer money to the taxpayers? The US government caused the mortgage crisis, by encouraging the purchase of homes for no money down. When this ridiculous scheme collapsed, it then left the homeowners deep in debt and indemnified the wealthy banks for their losses.

Under the system of debt-based money with interest, the amount of debt expands exponentially until some portion of it is cancelled (since exponential growth cannot continue forever). As we see from the past several decades, the government does its best to make sure that the debt is cancelled only for the rich, not for the poor. It uses taxpayer money to indemnify Bear Stearns,

and it lets the home mortgage holder go bankrupt and lose everything (including his house). It allows the rich man who fails, to protect his personal assets by incorporation. It bails out the international banks and lets the poor people in third-world countries continue to pay compound interest endlessly. It is a perverse, pernicious, cruel, rotten system that cannot endure.

A system of debt-based money with interest cannot continue indefinitely, since growth cannot continue indefinitely in a closed system, and since the lenders eventually own everything. Eventually, some of the debt must be eliminated, either by debt forgiveness (e.g., bankruptcies, write-offs) or financial contractions (recessions, depressions, collapse of financial "bubbles"). (We are referring here to systems of private banking; if only the government makes loans and charges interest, the interest may be respent on a continuing basis, and never accumulates.) The only real choice is between a series of small collapses (economic recessions, contractions) or less-frequent large ones, such as the Great Depression of the 1930s. Since the Great Depression, the policy of the government has been to avoid major collapses through bailouts of large banks and corporations. This simply delays the inevitable, and ensures that the next big collapse will be really big.

Every year, an amount of money equal to the interest on debt is transferred from borrowers to lenders. Corporate borrowers have the expertise and wherewithal to pay off their debt. Or, if they "miscalculate," they simply dissolve the corporation. Donald Trump once bragged that he had never declared personal bankruptcy. Some of his business ventures went bankrupt, but he was unaffected. Poor people do not have this option. Poor individuals cannot manage debt and, under compound interest, the debt soon becomes unmanageable. Even small middle-class businesses do not have the option of getting out from under unmanageable debt by dissolving a corporation, since most loans to small businesses must be underwritten by the personal guarantee of the business owners. The compound-interest scheme under which the US and global economy is based ensures that the poorer individuals and countries will soon be slaves to debt (many already are). The system is set up to transfer more and more wealth from the poor borrower to the rich lender every year. "And from him who has nothing, even that shall be taken away."

The "powers that be" know that the system (debt-based money, compound interest, free-market economy) will collapse from time to time, and they are ready to make the most of it when this happens. Following the stock-market crash of 1929, most of the small farmers, who had mortgages on their farms, went bankrupt. The wealthy elite – the bankers – took possession of the farms. This was essentially the end of the era of the small family-owned farm in America.

Economic Growth Is Destroying Society and the Planet's Environment

A free-market, private-enterprise, capitalist system based on debt-based money and interest is an exceptional growth-based economic system. It constitutes a superb engine for creation of physical wealth. It includes an incredible incentive for entrepreneurs, by allowing individuals to accumulate vast private wealth very quickly. This system affords tremendous opportunities for anyone with talent to achieve great material success, even starting from scratch. Since commercial banks are empowered to create money out of thin air, even people born with no assets have access to unlimited amounts of money. All they need to become very wealthy is creative talent. It is not like the situation that existed a half-century or more ago, where it usually took a couple of generations for a family to acquire great wealth (e.g., Howard Hughes and the founder of FedEx both started off with access to their father's money). Now, anyone with talent can become fabulously wealthy in his own lifetime. A basic education is provided free of charge to all, and class restrictions are very low. This is the most incredible time in

human history, from the point of view of affording opportunity to so many people to accomplish their dreams, without the restriction that being born poor once imposed.

As private entrepreneurs accumulate wealth, the overall economy grows at a very rapid rate – exponential growth (because of interest). The system is designed for maximal growth, since anyone with a good business idea has immediate access to money (not only from commercial-bank loans, but from venture capitalists as well). The amount of capital available is not constrained by the amount of existing wealth, such as the gold reserves. Under fractional-reserve banking, the amount of money available for loans is ten times the amount on reserve – and the reserve is nothing but paper and electronic records (debt-based money)! It is a tragic shame, however, that this tremendous power for building cannot be harnessed for good, rather than allowed to run amok and destroy a planet. Man was born to build (and to create and discover and conquer), and this vehicle allows him to build with exceeding speed on a colossal scale – as long as an energy supply is available, and until his efforts destroy the planet's environment.

In the long run, there is nothing good about an economic system based on debt-based money and interest. They are exponential processes which are not sustainable. Exponential processes cannot continue indefinitely in a finite system, such as Earth. The fact that the money supply or the debt grows, or the value of the money decreases (inflation), is not the point here. The point is that this system promotes ever-increasing economic activity. Since economic activity always consumes natural resources, it destroys the biosphere at an exponential (geometric) rate. From a physical viewpoint, the system continues to grow until it is destroyed or it destroys the biosphere. From a social perspective, since the system cannot continue to grow indefinitely, all of the wealth will eventually be transferred from the borrowers to the lenders. Under this system, periodic collapses, which ruin mainly small borrowers, must occur from time to time. Growth-based economics spurs population growth (since the system needs people both as producers and consumers).

Why the US Will Collapse Quickly

[Author's note: Originally, it was intended that this book be "full size" – of several hundred pages. Due to the press of time, I am not able to finish it as originally planned, and have "wrapped it up" as an essay. The remaining sections simply "outline" key points of the intended sections, with elaboration of a few items (such as Jeffrey Sachs' proposal to address the current crisis).]

The US will collapse very quickly. It will collapse as soon as global oil production starts to decline, at which time global industrialization will start to crumble and the quality of life will start to plummet. It is held together today not by culture, but by oil. When the oil disappears, the US will collapse. It has lost the culture of its founding fathers, the government has turned against the people, and the nation is highly fragmented.

Below follows a list of reasons why the collapse of the US will occur quickly.

1. Growth cannot continue indefinitely in any closed system (such as Earth's biosphere). Exponential (explosive) growth cannot continue for very long. Explosions do not last very long. Massive population growth, growth-based economics, global industrialization, planetary-scale pollution and mass species extinctions cannot continue indefinitely.

2. History shows that societies tend to grow, mature, and then collapse, rather than undergoing endless morphing. See Collapse by Jared Diamond; Collapse of Complex Societies by Joseph Tainter; A Study of History by Arnold Toynbee. War and peace never last for very long. Neither one can last for long. Each is essential for the other, and for the long-term survival of mankind. (As Emmanuel Goldstein observed, "War is peace.")
3. Biological systems tend to overshoot and collapse: Catton's Overshoot.
4. The rate of change in today's world is very fast (high-tech, efficient, fast, unstable – and explosive growth). It is amazing how fast things can change: in 1912, just two years before the world was consumed in the First Great War, people were observing that the world had had 100 years of peace (since Napoleon's defeat at Waterloo), and that human civilization appeared to have put large wars behind it. Recently, the price of gasoline in the US rose by ten cents per gallon each month, to about $4.00 per gallon recently. During this period, the price of oil was rising by about ten dollars a month, reaching $147 per barrel recently – and then collapsing to half that, at which time the price of gasoline dropped to about $1.60. These are indicators that Hubbert's Peak is now passing – when the global production limit is reached the price skyrockets; demand then drops off, there is surplus production (oil temporarily becomes a "slack" resource), and the price plummets. (Although the price of oil will go up some more, it will not go up indefinitely. Eventually, the global economy will start to contract, as it runs out of its primary source of energy, and the price will stabilize (but remain high) relative to other commodities. Economies such as the US will stop burning oil in massive amounts (e.g., in private automobiles), and use the remaining amount in other ways. The wide fluctuations (instability) that we are now seeing in the stock market (and price of oil) are a strong indicator that the Peak is passing.)
5. The world economic system is based on perpetual growth (growth-based economics). The currency and banking system is based on debt-based money and compound interest. This system must grow exponentially or collapse (or limp along at a maximal possible rate with minimal debt forgiveness as it enslaves the poor). No system based on exponential growth can continue for long. The system will continue to grow (with periodic recessions / depressions) until the oil is gone or the biosphere is destroyed, and then collapse.
6. Dynamic systems theory, chaos theory, catastrophe theory (tipping point). Natural systems may maintain an equilibrium for a long time. Civilizations tend to collapse catastrophically, not gracefully decline or morph. On an evolutionary time-scale, human civilizations do not last very long. For human society to endure, it must be a small and unobtrusive part of a much larger natural system. Once human society reached the point where its large numbers and industrial activity caused macroscopic changes in the biosphere (e.g., mass species extinction), it was doomed.
7. Confrontation of Christianity (much materialistic wealth, highly dependent on oil) and Islam (little materialistic wealth, owners of oil). Each is champing at the bit for world domination.
8. Resource wars. Global war will occur after passage of Peak Oil. The world can't increase the supply of oil, and dramatically rising prices have produced no comparable substitutes. The only option, therefore, is to reduce demand, which implies annihilation or decimation of populations. Peak Oil is occurring now. Collapse may occur any time after passage of the Peak, not when all oil is gone, and not a graceful decline as oil depletes.
9. The industrialization of Communist China and India, with their large populations of poor, will generate massive additional demand for oil, and accelerate the passage of Peak Oil

and the subsequent collapse. Brazil is also a factor (a smaller population, but destroying the planetary-significant Amazon Rain Forest).

10. Asymmetric warfare, as in the war in Iraq is bankrupting the US (i.e., imposing a massive financial burden on the middle class, who must pay (labor) for it), and cannot continue for long. Terrorists can outspend us. We will soon be stressed to act fast and hard. Multiculturalism / tolerance / pluralism will destroy us, or we will destroy them. We have tied our hands, but will not do this indefinitely (i.e., we will be defeated or "take off the gloves"). The US government uses a never-ending "War on Terror" to keep the US population under control, but it needs a higher level of control than it currently has in Iraq.

The US Has Faced Troubles Before and Survived. What Is Different Now?

Throughout its history, the United States has faced many serious difficulties, challenges and threats, but it has always prevailed in the face of every adversity. What is different now? What is it about the current crisis that is different from before, that suggests that the US will fail to overcome the current problem? Well, there are many things that are very different from any previous challenge faced by the US. The following list describes aspects of the current crisis that are very different from before.

1. Peak Oil. US society is highly dependent on massive amounts of oil, and global oil production is about to decline. Despite six decades of intense research, no comparable substitute for oil has been identified.
2. Overshoot. A hundred years ago, if all oil disappeared, nothing would have happened. Now, however, because of oil, the population has grown to levels that far exceed the solar energy "carrying capacity." No suitable substitute for oil has been identified. As oil exhausts, human society, including US society, will decline in size to the levels that can be supported by current solar energy.
3. Income gap. The ratio of the earnings of top management to those of the workers is extremely large – much larger than ever before. As long as good times continue, this will not cause a serious difficulty. As soon as times get difficult (after passage of Peak Oil), this situation will lead to an explosive reaction.
4. Government war on the middle class. When the US was founded, the government was "of, by and for the people." The government now serves the wealthy elite. The government has turned on the middle class. In previous crises (prior to 50 years ago), the survival of the people was threatened, and the government served the people to defend them. The people stood behind the government, which served them. That is no longer the case. The government now serves the wealthy, not the people. The people's "representatives" in Congress serve the wealthy elite, not the middle class. To the extent that the current crisis pertains to the wealthy, the people will not band together to address it. They will no longer support the government, which no longer serves their interests. Globalization serves the wealthy, not the masses. The masses will not fight to save this system, which is destroying them and the biosphere.
5. The US is now highly fractionated and, with the passage of Peak Oil, will no longer be held together by its great wealth. The US has had many waves of immigrants, but it always assimilated them in the past. In the nineteenth century, there was free land for all comers (courtesy of the American Indian). The free land is now gone, the country is

now highly fractionated, and its current source of wealth is oil, which is about to disappear.

6. No future for a large industrial society. As oil disappears, people will see that there is no future for their children. They will see that because of a massive human die-off few people will survive. Oil and gas will soon be gone, uranium and coal are not comparable substitutes, and recurrent solar energy can support only a fraction of the (world and US) current population. Many species are gone. People will despair, and then turn against the system that caused them to "overshoot and collapse."
7. The quality of life has declined, and, for most people it will never recover.
8. The third world has nuclear weapons, and many people wish to use them against us.
9. India and Communist China, with massive populations, are striving for much higher standards of living for their citizens. This will increase demand for oil substantially, and accelerate the passage of Peak Oil. Since the oil supply cannot be increased, the only solution is to reduce demand. People will not simply sit around and starve to death. They will not stand by while all of the oil is shipped to the US and other developed nations, while the rest of the world starves to death. They will attack the US with a vengeance (the "politics of envy").
10. Technological limits. In the past, global food crises could be met by increasing yields and placing more land under cultivation. The era of increasing yields (the Green Revolution) appears to be over – yields are not increasing, despite much continued scientific research. Placing more land under production will cause the destruction of the planet's remaining forests. With global oil production tapering off, the price of oil has skyrocketed, raising the price of fertilizer and causing the price of food to skyrocket.
11. The planet is in peril. Species loss, deforestation, global warming.
12. Industrially produced food is low in quality. It is contributing to epidemics in obesity, diabetes, attention deficit / hyperactivity disorder, allergies, colorectal cancer. Ibuprofen is causing much kidney disease and many thousands of kidney failures.
13. Debt-based money and growth-based economics. The US switched to debt-based money in 1971. The system grows exponentially, consuming more and more of nature as it grows. It must eventually collapse.
14. Massive debt with a high compound interest rate. To expand the national and global economies and to enslave the poor, the US government promoted heavy debt for those who could not handle it (were not creditworthy) – both poor and middle-class American citizen and third-world countries. The interest rate on this debt (credit-card debt to individuals and international-bank loans to third-world countries) was high (e.g., 20 percent) and the interest was compounded. This quickly led to unsupportable debt burdens. For the third-world countries, some of the debt has been forgiven, but just enough to keep the countries alive and forever paying heavy interest to the banks (and forced to submit to agreements that serve only the banks and their leaders). This system has caused massive resentment on the part of the borrowers – both individuals in the US (credit-card holders, home mortgage holders) and the citizens of third-world countries. The only way out is to destroy the system. Recently (and ironically), the US has joined the ranks of the highly indebted poor countries, with a massive national debt owned by foreign interests. This does not bother either the country's wealthy elite or the planet's wealthy elite, who view the US simply as one of their "operating departments." Having the US mired in debt keeps it well in control, and its people working ever more desperately to pay the interest on the debt.
15. Corporatism. The US is no longer a sovereign nation, but is under the control of the planet's wealthy elite, under the planetary management system of corporatism (perhaps Corporatism, with a capital "C" is indicated). The US is simply one of the many governments / countries that the planet's plutocracy controls. As an independent nation

in control of its destiny, the US has failed. Perhaps this is the greatest rationale for the title of this book. With respect to the principles of the Founders, *the US no longer exists, and it really is finished*.

Can Anything Be Done?

The following is a summary list of America's problems. It is interesting to see which of them might be addressed, and which of them are intractable.

1. Mass immigration. Could be stopped. Mass deportation of illegal aliens could be accomplished quickly and easily, but is not feasible in today's political climate. There is no desire (on the part of the government or its wealthy controllers) or will.
2. Massive international free trade. Could be stopped. No desire or will.
3. Open borders. Could be closed. No desire or will.
4. Culture change has already happened. It is too late. We cannot go back. Culture is like the arrow of time and entropy. A rotten culture does not evolve to a good one, any more than a rotten apple evolves to a sound one. The rotten culture will be destroyed and, like the Phoenix, a new one will emerge from its ashes. (A few firms have succeeded in reinventing themselves, such as Singer (sewing machines to aerospace), Goodrich (tires to aerospace) and Nokia (rubber boots to cellphones), but it does not appear that cultures do this.) US culture, now infected with third-world culture, is permanently changed ("damaged"). The US government has destroyed the Teutonic (Northern European, Nordic) culture that founded the US and made it great. Multiculturalism, political correctness, radical egalitarianism are rampant, endemic. The US government, established of, by and for the people, has now turned on the middle class and serves the wealthy elite.
5. Environmental destruction / species loss. Environmental destruction can be reversed to some degree in the US, but the massive loss of species worldwide cannot be reversed. The annual recurring species loss cannot be stopped without an end to large human numbers and global industrialization. Species loss is permanent.
6. Peak Oil. Cannot be stopped.
7. Global industrialization. Will come to a permanent end (from Peak Oil, species loss, or global warming), no matter what. It is not sustainable, even for a short time. It is destroying the biosphere. As astronomer / science-fiction writer Fred Hoyle observed, we only had one chance at industrial society, and we blew it (i.e., human society consumed the massive supply of easily extracted resources / energy, without using them to transition to a long-term-sustainable solar civilization). The system of globalization is based on growth-based economics: the currency and banking system is based on debt-based money and compound interest. These are exponential processes and they cannot continue indefinitely. Many borrowers will end up with unsupportable levels of debt, and be at the mercy of the lenders. The lenders will forgive just enough debt to keep the borrowers alive and able to continue paying a maximal amount, in perpetual slavery. It appears that the system of global industrialization (growth-based economics, debt-based money and banking, compound interest) cannot be stopped, and its imminent demise cannot be avoided. It is greed-based (and, to some extent, fear-based), and the system is in an extreme "overshoot" condition (i.e., the large human population can be supported only by continuation of large-scale industrial agriculture). People will be motivated to continue to support the system because if it stops, they will die. The fact that they will die soon anyway is not a consideration – they will cling to life

to the bitter end, no matter what the consequences for the biosphere or humanity's future generations. If the system of global industrialization were halted, world population would collapse. The controllers of the world will not halt the system prematurely, but continue to operate it as long as possible, until it collapses by itself when the oil runs out (or other globalization-caused catastrophe occurs).

8. Global warming. Cannot be stopped, or at least not quickly, without an immediate end to industrial globalization. As mentioned earlier, this system will not be voluntarily halted, but will soon end of its own accord. (It is noted that there is disagreement over the cause of global warming (although not over the fact that it is occurring).)

So, of the preceding problems, for only three of them (mass immigration, massive international free trade and open borders) can anything significant be done. For culture change, positive change is very unlikely (no examples). Growth-based economics (debt-based money, interest) are unlikely to be abandoned, since it would stop the flow of wealth from the poor to the rich, and the rich are in charge and want to continue the system even if its imminent collapse is inevitable and its continued operation is destroying the biosphere. Much global warming has already occurred (witness desertification, glacier melting) and has caused permanent damage. It is generally believed that further warming will continue as long as global industrialization continues. The rest of the problems are irreversible (e.g., the species loss that has already occurred) or inevitable (e.g., Peak Oil). It is too late to save the US, since it has destroyed the culture that made it great. It is not too late to save the planet (see, e.g., The Omega Project to establish a minimal-regret population) – but that is not the subject of this book.

The paragraphs that follow discuss the issue of what approaches have been proposed to address the problem, and what might be done.

Proposals to Date

A lot of books have been written making suggestions about what can be done to save the biosphere and the United States. The books that I have seen on saving the United States are irrelevant, because they do not address the root causes of the problem (e.g., Peak Oil, destruction of the biosphere), and do not have the goal of saving the biosphere from additional destruction. They do not advocate closing the borders, stopping immigration and stopping free trade. They do not advocate an end to growth-based economics (debt-based money, compound interest), although some suggest modifications (e.g., Ellen Hodgson Brown, The Web of Debt (2007, 2008)). They do not suggest how to reduce large human numbers and industrial activity. They do not propose an end to corporatism. They do not even address treatment of the major symptoms of the causes, such as such as decline in culture, overpopulation, dependence on oil, lack of work (because of transfer of manufacturing capacity overseas), drugs, destruction of the environment, ever-increasing numbers of people in direst poverty, and loss of security. These books include many of the works cited in the section on America's discontent, such as Pat Buchanan's The Death of the West (2002), State of Emergency (2006) and Day of Reckoning (2007) (although Mr. Buchanan does suggest a few stronger measures than most people do, such as termination of birthright citizenship).

In short, there are no books of which I am aware that provide any recipe for saving the US – all of them promote continuance of the current system, which has destroyed it. Some, such as Evan Mecham's Come Back America (1982) and Thom Hartmann's What Would Jefferson Do? (2004) suggest that the country return to its founding principles. But it is too late for that, either from a cultural viewpoint or a physical viewpoint. From a physical viewpoint, it is in an extreme "overshoot" condition, Peak Oil is upon us, and collapse is imminent. From a cultural viewpoint,

America will never return to the original principles of its founders. America's present leaders eschew the principles of the founders to serve the people. They are addicted to wealth production and will not change. The culture has changed. It has changed both from the passage of time (e.g., the generation that passed the income tax in 1913 was different from the culture that founded the country without an income tax) and mass migration from alien cultures has occurred and permanently modified the culture further. Richard Nixon's world of 1971, when he abandoned metal-based money for debt-based money, was totally different from the country and world of the Founders. You can't go home again. The evolution of cultures and countries is a one-way street. Like time and entropy and aging, it is an irreversible process that only goes one way. Unfortunately, America has taken a "dead end" and has almost reached the end of the road.

The current system of government in the US cannot be changed from within. Each election simply replaces the incumbent politicians with others who also serve the wealthy elite. The system works to maintain the military-industrial complex / global industrialization system as long as it can, regardless of the damage to the biosphere, to produce wealth for today's generation of wealthy elite. None of the leading US presidential contenders (McCain, Clinton, Obama) will address any issues of planetary management, such as a response to global warming, species loss, deforestation, overfishing, the industrialization of Communist China and India, or Peak Oil. They will not even discuss issues of national importance, such as the destruction of US culture, environment and quality of life for the middle class because of mass immigration, massive international free trade and open borders, and the takeover of US culture by Jewish culture.

To hear the three leading presidential candidates jabbering and giving pep talks about meaningless "change" while the planet's biosphere and the country (as a sovereign state for the people) are being destroyed by global Corporatism, is sickening. They are acting like cheerleaders for Corporatism. They are all the same, Democrat or Republican. They are in full support of the wealthy elite and are committed to continuation of the current Corporatist system. That is why the problems facing society never seem to have solutions – solutions are proposed only within the framework of the Corporatist system, and it is that system that has generated the problems! It is the *system* that is flawed. It is the *system* that is the root cause of the problems. The problems that it causes are fundamental to it, and will never be solved by continuing it. The system (Corporatism) is intended only to benefit the planet's wealthy elite. It has destroyed America as a sovereign nation for the people, and it is destroying the planet's biosphere.

The reason why society's problems appear so intractable, and that nothing can be done to solve them, is that, under (within) the current system, nothing *can be done* to solve them. The current system is based on continuous exponential growth – not just of money and economic activity and debt, but people as well. Any system based on exponential growth must eventually fail. The salient feature of exponential processes (contained within finite systems) is that when failure occurs, it happens incredibly fast. Exponential growth is explosive, and explosions do not last very long. We are in fact in the final stages of exponential growth of the Corporatist system of industrial globalization. We are "locked in" the final stages, like a space ship speeding toward a black hole. For the passengers on the ship, nothing seems very unusual. But to an outside observer, the near-instantaneous termination of the process (gravitational acceleration is an exponential process) is evident. The future will be upon us in the blink of an eye, and there is nothing at this point that can be done to avert it.

Once it happened that Christianity (ever the handmaiden of capitalism) had approved and society had adopted compound interest and debt-based money (two exponential-growth processes) as the basis for Western civilization, its demise was assured. Its fate was

determined and its doom was sealed. Natural systems that last for a long time can never be based (overall) on long-term exponential growth – that is the process that you see when an algal bloom consumes a pond, or bacteria consume a dead animal. Systems that are based fundamentally on exponential growth cannot be the basis for a long-term-sustainable large-scale stable system.

With respect to saving the planet's biosphere, things are hardly any better. People do not seem to realize that to save the planet's biosphere means bringing large human numbers and global industrialization to an end. In his book, Green Rage (1990), Christopher Manes summarized a program for ecological reform. This program included the following main features (summarized in Dixie Lee Ray's Environmental Overkill (1993)):

- Deindustrialization of the West
- Reduction of human population
- Elimination of all use of fossil fuel, including automobiles, coal-fired plants, and manufacturing processes using petrochemicals
- End of all monoculture and cattle production
- End of all commercial logging
- Restoration of wilderness on developed land
- Reintroduction of large predators, such as grizzly bears and wolves.

None of the books that I have read on resolving the current crisis (either US or planetary) presents any program for accomplishing objectives such as are listed above. Examples are Willy Brandt's North-South: A Program for Survival (1980), Paul and Anne Ehrlich's Healing the Planet (1991), Lester Brown's Plan B 2.0 (2006) and Plan B 3.0 (2008) and Jeffrey Sachs' The End of Poverty (2005) and Common Wealth (2008). Many more books on "economic development" are listed in the References. With respect to identifying or suggesting a path to a solution, they are all useless. They describe the problem, but offer no credible solutions. They all promote working within the existing system (growth-based economics, global industrialization) to make fundamental reversals of the ongoing planetary destruction. This has not happened to any degree in fifty years of trying, and it will never happen. "Band-Aid" (TMR) fixes that attempt to treat the symptoms of an overall exponential-growth process have negligible effect (e.g., trying to solve the poverty problem that is caused by growth-based economics by proposing more economic growth is ludicrous). As Einstein once remarked, the kind of thinking that created a problem is unlikely to find a solution to it. Under several decades of this approach, things have gotten profoundly worse – world population has doubled, 70-80 million people are added to the planet every year, massive deforestation and species loss continue, and the number of people living in dire poverty and squalor increases every year. These books are filled with descriptions of the disaster that has happened, and applying modern technology and economics. They are filled with hand-wringing and "shoulds," "coulds," "woulds," "if onlys," "if we don't soon, thens" and "it is almost too lates." All of the world's leaders are calling for more industrialization and improved material standards of living, not less. No leader is calling for massive population reduction – or for any population reduction at all. It is economics ("modern economic growth") that got us into this mess, and it will not get us out of it. No leader is calling for abandonment of growth-based economics.

Jeffrey Sachs' Proposals

I said above that the books on the subject of the state of the world and how to fix it were useless. In fact, they are worse than useless. They are downright misleading and deceitful.

They create false hopes that an easy solution is feasible, ant thereby "buy time" to keep the current system alive, causing continued destruction of the biosphere. They help insure that the current system will continue for as long as possible, with maximal damage to the biosphere, to catastrophic collapse. Promotion of absurd proposals for solution is simply diverting attention from consideration of practical (realistic) solution alternatives. Society is quite eager to accept these "easy" solutions, however, since they offer the promise that good times will last forever. They enable denial. For example, in his book, Common Wealth (2008), Jeffrey Sachs recommends the implementation of a program of fertility reduction, stating that if this is done the global population will level off at about eight billion people by 2050. People love to hear this rosy assurance. My first reaction to Sachs' proposal is that the planet's biosphere is being utterly destroyed by its present population of 6.7 billion, and that this process was well under way with the much smaller population of 3 billion, fifty years ago (1960). How can anyone seriously recommend any program that increases global population by another third? How can anyone seriously recommend any program that is tantamount to promoting the continuing the extinction of 30,000 species a year for the next several decades?

My second reaction is that the program that he recommends flies in the fact of facts. Sachs got the number of 8 billion from the 2006 United Nations 2006 Revision of World Population Prospects. Under the "low-fertility assumption," world population will peak at about 8 billion in 2050, and then slowly decline. Under the "medium-fertility assumption," world population reaches 9 billion in 2050, and continues to increase each year by a little less than its current rate of 70-80 million per year. The basic assumption in the low-fertility case, or scenario, or "variant," is that the total fertility rate (TFR) of all countries converges eventually to a level of 1.35 children per woman. The basic assumption for the medium-fertility variant is that the TFR converges eventually to 1.85 children per woman (this decline is called a "demographic transition"). In fact, neither of these assumptions is at all realistic. More importantly, the projections suppress the effects of migration – the projections assume that migration rates for all countries converge to zero, very soon. If you examine historical population data, however, you will see that very few countries allow their populations to shrink for a very long time. If their TFR falls significantly below replacement level (2-2.1) so that after a generation or two (allowing for population "momentum") their population, in the absence of immigration, would start to decline, then they almost invariably increase immigration to compensate for their declining birth rates.

Here follows a table that shows the annual population growth rates (AGRs) for all countries for which the TFR declined to 2.0 prior to 1980. The table shows that the average population growth rate for such countries after twenty to forty years (one to two generations) is .58 percent (a massively high population growth rate, if continued for very long). In the absence of migration, the annual growth rate for most of these countries after 1-2 generations would be negative – their populations would be shrinking. The fact is that any country that achieves a sustained TFR of less than two is economically developed, and under the global system of growth-based economics, no economically developed country is going to tolerate a shrinking population for long – it will increase migration to offset population decline from TFRs less than two. It is totally unrealistic to imagine that, if the current system continues, the world population will level off at 8 billion by 2050. Despite the evidence of this seemingly universal response to shrinking population, not only do the population projections on which Sachs is basing his recommendations assume that TFRs for all countries converge to below-replacement level, but the migration rates for all countries are assumed to converge to zero! The population projection that Sachs is using is based on totally absurd assumptions that fly in the face of reality.

(The preceding observations beg the question that if all TFRs decline to 1.35 or even to 1.85, there will eventually be no population available for immigration, so where will the immigrants

come from? Well, it is totally unrealistic to imagine that the TFR will decline to less than 2 for *all* of the word's countries. Aggressive fertility-reduction programs such as are outlined by Sachs have been around for a long time, and there are many countries for which the fertility rates remain at very high levels and show little susceptibility to decline. There are a few examples of countries where these programs have reduced the TFR to replacement level, but there are many, many countries where this has not happened and is not happening. In order for Sachs' utopian projection to materialize, the TFR must converge quickly to below-replacement level for *all* countries. If even a single country continues with a high TFR, global population will eventually expand.)

ID	Country	Year of TFR=2	Pop in that year	Pop 20 years later	Pop2003	NetMig96-00	AGR2003	TFR2003	GDPPC 2003
10	Luxembourg	1970	339800	381900	448000	19570	1.01	1.63	46067
12	Norway	1975	4007000	4360000	4562000	67380	0.53	1.8	40482
5	Channel Is.	1972	122000	144090	149000	2520	0	1.75	39000
17	USA	1973	211909000	259919000	290810000	6200000	0.84	2.01	35566
15	Switzerland	1972	6385000	6875000	7350000	80000	0.82	1.41	33765
6	Denmark	1969	4891000	5133000	5387200	83510	0.24	1.76	30262
14	Sweden	1969	7968000	8493000	8956000	60350	0.36	1.71	27998
16	UK	1974	56236000	58156240	59329000	574470	0.17	1.64	25742
7	Finland	1969	4624000	4962000	5212000	20380	0.25	1.76	24225
4	Canada	1972	21993630	28519600	31630000	732600	0.85	1.52	24222
2	Austria	1973	7553000	7905000	8090000	45000	0.3	1.39	24217
11	Netherlands	1973	13439000	15279100	16221800	161000	0.48	1.75	22973
9	Germany	1971	78363000	80014000	82541000	1134120	0.04	1.34	22868
8	France	1975	52699000	57844000	59762000	219000	0.46	1.89	22723
3	Belgium	1973	9738000	10084500	10376000	99200	0.42	1.61	22544
13	Singapore	1977	2325000	3794000	4250000	368000	2.04	1.37	21941
1	Australia	1978	14358000	18751000	19881000	509800	1.1	1.75	21688

(Notes on table. All data are from World Bank Indicators 2005 CD except for gross domestic product per capita (GDPPC2003) of Luxembourg, which I estimated. The table column headings are as follows. ID: alphabetical index; Country: country name; Year of TFR=2: the year in which the country's TFR declines to 2 and remains less than 2.1 thereafter; Pop in that year: the country's population in the preceding year; Pop 20 years later: the country's population 20 years after the preceding year; Pop2003: the country's population in 2003; NetMig96-00: the net migration to the country over the period 1996-2000; AGR2003: the country's annual population growth rate from 2002 to 2003; TFR2003: the country's total fertility rate in 2003; GDPPC2003: the country's gross domestic product per capita, in constant 2000 US dollars.)

By the way, Sachs' program for fertility reduction includes the following components: improving child survival; education of girls; empowerment of women; access to reproductive health services; green revolution; urbanization; legal abortion; old-age security; and public leadership. Sachs claims that there are examples of success of this program in all parts of the world and in all cultures and religions. This is a really stupid observation – for Sachs' scenario (of world population leveling off at 8 billion by 2050) to materialize, the program must succeed in *all* countries – not just in a few. The fact that it has succeeded in a few instances is irrelevant. If it

fails *in even one* country, world population will eventually expand. To assert that the success of the program in a few countries (Sachs cites Iran as his only example) suggests that this approach will therefore quickly succeed in all countries is preposterous. Moreover, for all nine components of Sachs' poverty-reduction approach to work invariably requires strong economic development in the country. All of the countries listed in the table shown above (i.e., countries for which the TFR has been low for some time) are economic "successes." There are many countries in the world that simply fail to develop, no matter how intense the development assistance programs to them have been. Haiti, in the US' own "back yard" is a good example (for others, see "Table 1-1: Top 20 Failing States, 2006" in Lester Brown's Plan B 3.0 (2008)).

The fact remains, that after several decades of such fertility reduction (or economic development) programs, most of the world's countries still have TFRs substantially above replacement level, and many far above. Some claim that these programs have not been universally successful simply because they have not been carried out, for whatever reason (cultural resistance, lack of funds). It doesn't really matter what the reason is, the fact is that this approach has failed miserably in either stopping world population growth or reducing human numbers to a level such that the biospheric destruction stops. In the absence of war, famine, or disease, it flies in the face of the facts (several decades of recent history) to imagine that global population will level off at 8 billion by 2050. What is even more significant, if global population were to continue at several billion, the current biospheric destruction would continue, and the biosphere would be destroyed. Sachs' assertion that it is possible to achieve a leveling-off of world population to 8 billion by 2050 is an absurd notion for two reasons: (1) there is no evidence to suggest that this is at all likely to happen; and (2) if somehow it could be achieved, the biospheric destruction caused by large human numbers would continue, and the biosphere would be destroyed. The proposed "solution" is in fact no solution at all! It is a deception, a diversion, a fraud.

Jeffrey Sachs' proposed "solution" to the current planetary crisis of biospheric destruction is absurd, since it proposes simply to continue the current system of global industrialization, albeit under different assumptions, so that the biospheric destruction continues unabated. His "solution" ends up with far more people on the planet, and continued deforestation, pollution and species extinction. Any reasonable solution would show how industrial activity – the cause of biospheric destruction – would be lessened. Sachs does not even attempt to address this essential issue. Sachs is not alone, however, in proposing an absurd "solution" to the global biospheric crisis – "solutions" similar to his have been proposed by many people, and are common in many books and articles. It is therefore relevant to ask why he and many others do this. They do it for a very simple reason. They make much money from the current system of global industrialization. They are in fact part of the system. The planet's wealthy elite want its economists and environmental engineers to propose programs that endorse the "business-as-usual" continuation of the present system. Sachs and others like him could not obtain large grants and contracts from the establishment if they claimed that the system that the establishment controls and that supports its lavish lifestyle is destined to destroy the planet. You will *always* hear from these people that success is just within our reach, even as the biosphere is dying (just as you always hear rosy economic forecasts from government economists). They are the high priests of Mammon, and they will preach whatever lies are required to nurture and protect the system, to the last day.

Economists' Proposals Serve Simply to Perpetuate the System That Has Caused the Problem

If solving the problem of biospheric destruction were the true goal of Sachs and others, a rational approach would be to analyze the problem, identify the likelihood of various events and

outcomes, synthesize alternative responses, and design a program that had a good chance of success (i.e., to apply the methodology of systems engineering, statistical decision theory and game theory). But Sachs and his fellow proponents of the current system of planetary destruction latch onto the most unlikely scenarios, which are profoundly flawed, and suggest – argue – that everything will be all right. The situation is analogous to the construction of the US-Mexico border "fence" – the government will proceed with construction of it only because it knows that it will not work. The wealthy elite who control the planet know that Sachs' proposal – business as usual – will not do anything to change their system, and that is why his is well paid to proclaim this message. Lay people cannot believe that professional PhD economists and environmental engineers would, as a consensual whole, lie to them about something so important, but this is exactly what is going on. Sachs and other minions of the ruling elite will say any lies and promote any deceptions to further continuance of the current system.

The world of global industrialization is about to collapse, and there is nothing that can be done to prevent that collapse. The only issues to be addressed are the condition of the biosphere after the collapse occurs (including mankind's existence), and whether actions taken now can make a significant difference in it and in the likelihood of mankind's survival. Sachs and others who publish proposed "solutions" do not address these issues.

Conservation Will Not Work

There is a lot of hand-wringing about the current crisis, and a lot of "plans" or recommendations that are totally useless. A few weeks ago, I received a solicitation letter from Paul Newman and Joanne Woodward (whose home was in Greenwood, SC), requesting a donation to the Environmental Defense Action Fund. Out of appreciation for their fine movies, I sent in a donation. As a token of their appreciation for my contribution, I was sent a "grocery shopping bag" and a refrigerator magnet listing "10 Things You Can Do to Fight Global Warming." The following is the list:

1. Recycle and buy minimally packed goods as much as possible.
2. Wash clothes in cold or warm water, not hot.
3. Install low-flow shower heads to use less water.
4. Run the dishwasher only when full and don't use heat to dry dishes.
5. Replace standard light bulbs with compact fluorescent bulbs.
6. Plug air leaks in windows and doors to increase energy efficiency.
7. Replace old appliances with energy-efficient models.
8. Walk, bike, carpool or use public transportation whenever possible.
9. Adjust your thermostat – lower in winter, higher in summer.
10. Share these simple steps with friends and family and increase awareness.

These recommendations are totally useless. Human society is adding 70-80 million people every year to the planet. The US (the planet's most profligate energy consumer) is adding three million people to its population every year. These rates of increase are approximately one percent – a massive growth rate for a population. Even if all of the above ten steps are diligently followed, they are of absolutely no long-term consequence. If they were to result in, say, a ten percent reduction in consumption of energy, all of this would be for naught in ten years (since the population would have increased by ten percent in that time) – the energy consumption would be right back to where it was before.

The problem of biospheric destruction will not be solved by continuing the present system of global industrialization. It will not be solved if the planetary population continues at 6.7 billion, or

rises to 8 billion, or declines to 3 billion, as long as the system of global industrialization continues. Any proposal that endorses continuation of the present system of large human numbers and industrial activity endorses continuation of the biospheric destruction. Any proposal that endorses continuation of the system of growth-based economics, based on exponential-growth processes (debt-based money, interest) will fail. The current system is not sustainable, is destroying the biosphere, and will soon collapse. The longer that the current system continues, the more damage it causes to the biosphere. The current system will soon come to an end: the only issue to address is when and how it will end, what will be the condition of the biosphere at that point, and what new system will replace it (if any!). What is needed is proposals that recognize the essence of the situation; analysis, comparison and evaluation of alternative responses; selection of a preferred alternative; and implementation of an action plan to accomplish it. This is the classic methodology of systems engineering.

Many people do not see how growth is destroying the biosphere. They do not see that the simple act of eating an orange or a hamburger is now a direct result of destruction of the Amazon Rain Forest. (Aside: I made the preceding observation to my wife a few days ago. She asked how she could change her eating habits to save the Amazon Rain Forest. I told her that there was nothing at all that she could do – that the source of the problem is that 6.7 billion people are alive today, and the planet cannot support them. I told her to continue to eat all the oranges and hamburgers that she wanted – that whether she did or did not would not make any difference whatsoever. For more discussion of this point, see my article, Is America Fascist?)

(Minute Maid used to boast that all of its orange juice was made from Florida oranges. As the US population expanded and as Florida's growing urbanization destroyed orange groves, the point was reached where this claim could no longer be made. Now Minute Maid includes Florida oranges "and other fine oranges" such as from Brazil. There was never any reason why America could not satisfy all of its juice requirements from its own oranges. On the day that it started importing Brazilian oranges, someone should have said, "What is going on here?")

Lies, Subterfuges and Oxymorons

International development organizations such as the World Bank, the International Monetary Fund, the US Agency for International Development and the Millennium Challenge Corporation are always touting "sustainable development (or sustainable economic growth) and poverty reduction" as their goals. "Sustainable development" and "sustainable economic growth" are oxymorons. As Kenneth Boulding observed, growth cannot be sustained in a finite system. With respect to poverty reduction, it should be noted that, under the current system of a world population growth of 70-80 million per year, approximately 70-80 million desperately poor people are added to the planet every year. Half a century of "economic development" has increased the number of desperately poor people by three billion, and the amount is increasing by 70-80 million per year. How can economists continue to lie so about what is going on? Their efforts to continue the system are not only destroying the biosphere, but are massively increasing the number of desperately poor people living in misery. These people, the servants of the rich and the high priests of Mammon, are consummate evil.

<u>What Can Be Done?</u>

If anything is to be done, it will require application of proven principles of war and government – and systems engineering. It will require planning and analysis, setting of appropriate objectives and working toward them. Over the centuries, much has been written on the principles of war and government, including the works of Sun Tzu (The Art of War), Plato (The Republic),

Thucydides (The Peloponnesian War), Machiavelli (The Prince, Discourses on Livy, The Art of War), More (Utopia), Hobbes (Leviathan) and Marx (The Communist Manifesto). A good summary of these works is presented in Robert D. Kaplan's Warrior Politics (2002) and Martin van Creveld's The Changing Face of War (2006). Perhaps the best single work on what is required to govern is Niccolò Machiavelli's The Prince (1513). His book The Art of War (1514) is a classic treatise on war. Other books on strategy and the theory of war include Sun Tsu's The Art of War (500 BC), B. H. Liddell Hart's Strategy (1954, 1967), and Carl von Clausewitz's On War (1832). Good recent books on "fourth-generation warfare" (guerrilla warfare) include John Robb's Brave New War (2007), Colonel Thomas X. Hammes' The Sling and the Stone (2006), Martin van Creveld's The Changing Face of War (2006), and General Rupert Smith's The Utility of Force (2005, 2007) Other books on guerrilla warfare include Mao Tse-tung's On Guerrilla Warfare (1937) and Ernesto ("Che") Guevara's Guerrilla Warfare (1961). Mao Tse-tung's and Che Guevara's works are descriptions of the guerrilla wars that they waged, and they are not as useful as the more recent books on the subject (cited above).

For systems engineering, consult any standard text, such as Andrew Sage's Systems Engineering (1992). For statistical decision theory and game theory, see the following as (old) examples: David Blackwell and M. A. Girshick's Theory of Games and Statistical Decisions (1954); R. Duncan Luce and Howard Raiffa's Games and Decisions (1957); Abraham Wald's, Statistical Decision Functions (1950); Leonard J. Savage's, The Foundations of Statistics (1954), John von Neumann and Oskar Morgenstern's Theory of Games and Economic Behavior (1947) and Guillermo Owen's Game Theory (1968, third edition 1995).

Note that in the above there is not a single reference to a text on environment or ecology or agriculture or biogenetics or energy, or any other field of science oriented to continuing the current system of large human numbers and global industrialization. My view is that the only chance for long-term survival of mankind and the biosphere (mankind cannot survive without a healthy biosphere) is for human activity to be conducted at a very low level, so that it has very little effect on the biosphere – such as occurred for millions of years (see my writings on the "minimal regret population" (in Can America Survive?) for more on this).

There is no reference to the topic of "planetary management," because I am unaware of any (other than my own writings and a few general historical works such as Plato's Republic, Hobbes' Leviathan and St. Yves d'Alveydre's writings on synarchy). A few years ago, Francis Fukuyama wrote the book, The End of History and the Last Man (1992). In it he posited that the Western liberal democracy was the final stage of mankind's ideological evolution and the final form of human government: "What we may be witnessing is not just the end of the Cold War, or the passing of a particular period of post-war history, but the end of history as such: that is, the end-point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government." This is really ridiculous. As noted by Plato 2500 years ago, democracy is a fatally flawed system of government – the masses will always elect bad leaders who pander to their base desires. A planet is like a ship. You cannot operate a planet using democracy any more than you can operate a car, a plane or a ship by democracy. Democracy works only for deciding unimportant things in homogeneous groups. It is largely responsible for destroying the biosphere. This stage of planetary management ("non-management" would actually be a better word) has wreaked tremendous destruction on the biosphere. It may have already caused its demise, and the extinction of mankind. If mankind survives, it will do so only under a long-term-sustainable system of rational planetary management, not under democracy. If you want to survive, look for synarchy and a low human population in the near future. Look for a solar civilization. Do not look to "Western liberal democracy," which has destroyed our biosphere and just about sealed our fate.

Note that it is too late to save America. It is in an extreme overshoot condition. The culture has changed. The government has changed. It is no longer a government "for the people," but for the wealthy elite. The country as founded no longer exists. It is now a fascist state under the control of global corporatism. It will never return to the concept of the Founders. The same assessment applies to the system of global industrialization. It is an exponential-based process that is about to run out of fuel, and it will quickly come to a halt (if the planetary destruction that it has caused does not halt it first). The same applies to global population. It is in an extreme "overshoot" condition, with the large food supply dependent on the continuation of global industrialization. The entire system – global industrialization, the US, and world population, will all collapse soon, and there is nothing that can be done to change this. What about the biosphere? Can it be saved? The major damage that has already been done – species loss – of course, is permanent. But it is not too late to save what remains, and reestablish a healthy, stable biosphere. What is required to accomplish this is a quick end of the system of large human numbers and global industrialization (see the Omega Project for more on this).

The preceding list of source materials can be used to design and implement a system of planetary management ***after*** the collapse of global industrialization occurs. Until that time, the world will be controlled by corporatism, of which the US is simply one "branch office." The US government is not in control of the US (it just manages it for the wealthy elite), and the American people are not in control, either. The US is controlled – as are all other countries in the world – by corporatism and the planet's wealthy elite. And these people will strive to keep as many people alive as possible, for as long as possible. It does not matter that most of the world's population (about five billion) are living in abject poverty and misery. They will say that they are fighting poverty while they are doing the exact opposite – increasing the number of people living in dire poverty – through the growth-based economics system. As the Bible says, "A large population is a king's glory, but without subjects a prince is ruined" (Proverbs 14:28). Having five billion people alive, even desperately poor, creates opportunities for production of massive wealth – they must eat ***something***. From time to time you see references to "useless eaters" or "surplus population." To the wealthy elite, they are not useless eaters at all – they are consumers, who feed the wealth-generation system. They will strive to keep them alive, because when they are gone – when the poor are gone – their system is gone. The world's population will decline as global oil reserves deplete by wars of starving people against starving people, not by the wealthy elite destroying starving people. The wealthy elite will urge them to stay alive, no matter what their wretched condition.

Is Anyone Interested in Saving the Planet?

Although the US has failed as a sovereign nation and has no interest in addressing the current planetary crisis, it is of interest to observe whether any other nations or entities are making efforts to address this problem. Except for the Israelis, the Russians, and perhaps the Germans, it appears that no one is serious about applying the proven principles of warfare and government to solving today's problems. While Judaic theology looks for a "king of the world," the Israeli objective seems simply to promote the existence and position of their own small country. Russia is the only world power whose population policies are oriented toward a solar civilization in the near future. No significant group, it seems, is serious about saving itself or the planet. Communist China, India and other large countries living far beyond the current-solar-energy carrying capacity of their lands will collapse as soon as Hubbert's Peak passes.

A Suggestion: Halt Economic Growth

If I were to suggest any single thing to improve the quality of life for the US middle class and third-world countries, it would be to cancel all debt and to forbid the charging of compound interest (and preferably the charging of simple interest as well, except perhaps at very low levels, such as a one-percent-per-annum simple-interest fee for purchase of homes), and to eliminate debt-based money. This fundamental change to the money and banking system would bring a halt to global economic growth, and allow industrial production to operate on a "no-growth" maintenance basis (once it falls to modest levels, after the inevitable (and imminent) collapse of global industrialization). But these are simply temporary measures, and will do nothing to prevent or delay the catastrophic collapse of the US and global industrialization. It will simply make the quality of life a little better for the middle class and poor for a short time. In order to set up a long-term-sustainable society (with humankind in balance with a stable biosphere) economics must be abandoned (as Keynes observed). A long-term solution to the present problem will be based on a totally different paradigm of planetary management, not on growth-based economics. (Debt is a major tool of the wealthy elite and the government to enslave people and other countries. Other actions that would reduce the oppression implemented by this tool would include forbidding the resale of debt (e.g., current homeowners cannot discuss renegotiation of the terms of their mortgages with the local bank that gave them the mortgage because the bank has sold their mortgage to someone else, and no longer controls it); forbidding the government to enforce debt collection (as soon as a person fails to pay, the lender uses the full force of the government to harass the debtor, such as attachments of income); forbidding the storage of data in data bases (e.g., credit-score databases) without the consent of the individual; forbidding use of the Social Security Number as a personal identifier (as was promised by the government at the time of passage of the Social Security Act of 1933).)

What Will Be Done?

The US government will not do anything effective to address the destruction of the biosphere, or to address the loss of sovereignty and decline in quality of life for the US middle class, since this is not in the interest of the wealthy elite who control the government. The following paragraphs cite a few examples to illustrate this situation.

Hubbert's Peak is starting to pass, and things are starting to fall apart. (By the way, because of "random" fluctuations in supply and demand, global oil production is a fluctuating time series – it is not "smooth" like Hubbert's Curve. For this reason, it is difficult to say whether we are at the Peak right now – this will be apparent only five to ten years after passing the Peak.) The price of oil has skyrocketed and is fluctuating wildly, from about ten dollars a barrel a few years ago to about one hundred dollars a barrel now. The US middle class is very aware of the increase in the price of oil, not only because it is reflected to some extent in all products, but particularly because it causes their heating and air conditioning bills and their gasoline bills to go through the roof. America has transformed itself into an urban-sprawl suburbia where almost everyone has long commutes and no access to mass transportation, and so there is at present no avoiding these high costs.

In a move to soften the blow of these dramatic price increases, the US government has recently promoted the production of ethanol, to be used as a motor fuel in place of gasoline. This is a pathetic response, which will not solve anything. An increasing number of articles are appearing in the popular press pointing this out (e.g., the articles cited earlier: Walter Williams' column, "Ethanol's a scam, not a solution" (Creators Syndicate, 16 March 2008) and the cover feature of the 7 April 2008 issue of Time magazine, "The Clean Energy Scam," by Michael Grunwald, which discusses, among other things, the effect of using biomass on the destruction

of forests in Brazil. Much of the biomass that is identified for ethanol production is in fact produced using oil-based agriculture. More and more people are complaining about the tremendous recent rise in the price of food – both for human beings and animals – and they seem to be aware that a major factor is the use of corn to make ethanol instead of food. The US "response" to the oil crisis is as pathetic as its response to Hurricane Katrina and the 9/11 attack on the World Trade Center. It has no intention of addressing the root cause of the problem. The current oil crisis has been seen in advance for half a century, and yet the US adamantly proceeded with its program of massive population increase and suburbia-based living dependent on high consumption of gasoline. Why would it do such a thing? Well, the answer is exactly the same as why it seemingly bungled the response to Katrina and the World Trade Center incidents. The US government had already funded a report that the first time a category 5 hurricane hit New Orleans, the dikes would be breached, yet it did nothing to prepare in advance for this. Terrorists had already attacked the Trade Center several years before 9/11, and yet the government did nothing to change the policies that made it possible (mass immigration, massive international free trade, and open borders). It has behaved exactly the same way in responding to the long-anticipated arrival of Hubbert's Peak (decline in global oil production as global oil reserves exhaust).

The government is very consistent in its response to disasters, because it knows exactly what it is doing, and the reason is always exactly the same. It is doing it for the money. It is doing whatever maximizes wealth production for the wealthy elite. It is (it follows) doing whatever maximizes gross domestic product. Responding to disasters after they occur generates a much larger increase in GNP than planning for disaster avoidance or mitigation. Contrary to what some might claim, from the point of view of the corporatists, there is no such thing as "bad" GNP – all GNP is "good" GNP.

As Colin Campbell observed, it is much easier for politicians to react to crises than to prepare for them. In 1970, the US government knew that the concept of Hubbert's Peak was correct, and that US oil production had peaked. It did nothing to avoid or prepare for the Arab oil embargo of 1973. It has known for decades that global oil production would start to decline about now, and has done nothing to prepare for it. It knew that it was a matter of time before New Orleans would be destroyed, and it did nothing in response to the first attack on the World Trade Center. It is government policies that caused the Savings and Loan crisis of the 1980s and the current financial crisis (of October, 2008). The government did nothing to avoid these crises, except to support policies that assured their eventual occurrence. In fact, it actually works better for the government to wait for a crisis to occur, since during the crisis it may appear that the government is actually doing something. The US government has actively supported increasing the nation's population from 200 million (when it passed the Immigration Act of 1965) to over 300 million now, knowing full well that it did not have sufficient oil to support this vastly expanded population. When a disaster occurs, the government is almost always aware that it could or would occur. The lack of preparation is intentional policy and practice, not the result of stupidity or ignorance – it produces wealth for the people in charge at the time, ignoring all future costs. It is of interest to speculate on the basis for this approach, which destroys the planet and all future generations of mankind: greed?; excitement?; selfishness?; delusion?; blackmail?; external control?; demonic possession?; religious conviction? Who knows for sure? The fact is that as a society we have now consumed about half of the world's oil resources, spending it on frivolity, hedonism, urban sprawl, inefficient and unnecessary transportation and heating. We have not invested any of it in finding a solution to the problem of species extinction or to determining and implementing a long-term sustainable biosphere and human society.

As oil runs out, the government is focusing increasing attention on the production of biofuels. To do this on a large scale requires the use of food grains to produce ethanol (grain alcohol) rather than as food. The really silly thing about doing this at all is that even if all the food in the world were converted to ethanol, it would replace but a fraction of the energy now obtained from oil. This is not a long-term solution, so why do it at all? It is not even a very good short-term solution, as recent events have revealed: the world is starting to run out of food, and the switching of food grains to make ethanol is causing much consternation. The price of corn (maize, America's major grain for ethanol production), for example, has skyrocketed, and the US is at present using only a small proportion of its total corn crop for ethanol. Food prices are starting to rise all around the world, as the amount of food used to make ethanol increases.

Lester Brown was interviewed recently (26 April 2008) on CNN's This Week in Politics, and asked his opinion about the apparent food crisis. As I recall, he offered the following major reasons for it: (1) The planet's population is growing by 70-80 million people per year; (2) Communist China and India, which have very large populations (about one third of the world's total) are trying hard to raise the standard of living for their people, and are consuming much more of the planet's available food; (3) Cereal grains that were being used for food are increasingly being used to produce ethanol; (4) The era of gains in crop yields from technology (the so-called "Green Revolution") appears to be over; (5) Most of the planet's arable land is already under production – placing more in production means destroying the planet's remaining forests. I don't recall whether he included Hubbert's Peak in his list of reasons. The message from Brown's interview was that the food crisis does not have an evident solution.

The conversion of food to ethanol for vehicle use is causing much consternation. On television a few weeks ago I saw a brief segment that pointed out that the amount of grain used to produce ethanol to fill up one sport-utility vehicle (SUV) tank could feed a child for a year. A typical SUV (or other car) is filled up once or twice a week, or about 50-100 times per year. This means that running a car on ethanol uses the food that would have kept 50-100 children alive. This means that if you continue to use your car, you will be responsible for the deaths of 50-100 children. This fact is upsetting to many people. (This example clearly illustrates the folly of using ethanol for fuel – if all of the food eaten by the planet's six billion people were converted to fuel, then it would power only 6 billion / 100 = 60 million cars. There are more cars than that in the US alone. And this example addresses just cars, not the many other demands for energy. This factor of 100 applies in general to the trade-off between using energy to support people at a high-energy level of living versus a low-energy level of living. Under solar energy, the planet can support a few hundred million people at a low level of living, or about five-to-ten million at a high level of living.)

On CNN International a few days ago (28 April 2008) was a segment about use of biofuels. The program was entitled "Empire of Shame." The UN Special Rapporteur on the Right to Food reiterated the assertion that the amount of fuel used to fill an SUV (70 kg) could feed a child for a year. Two people were interviewed on their views about the situation. The lady asserted that the use of biofuel was a good solution to the problem, but we should concentrate on biomass that is not edible, such as bagasse, algae, and used cooking oil. (She did not acknowledge that much of the "mass" of biomass comes from fossil fuels used to grow the crops of which it is a byproduct.) The man pointed out that using all of this would replace very little of the energy now available from oil. He also pointed out that whatever biomass is used generates pressure to cut down forests and convert them to cropland.

In sum, the US response to the long-foreseen oil crisis is pathetic. It is intentional and planned, but it is still pathetic. It is a joke. A very cruel, cynical joke. The US never had any intention of

dealing with the oil crisis, just as it never had any intention of dealing with Katrina or 9/11. It loves crises and disasters, and will never prepare for them if it can avoid it, because responding to them after the fact generates much more wealth for the wealthy elite (recall that the Chinese character for "crisis" and "opportunity" are the same). Unfortunately for the US government, the public is starting to see through its program of lies, scams, and subterfuges. The program to convert food to biofuel is blowing up in its face. People do not want to kill 100 babies each year so that they can continue to drive their SUVs. While the US government is largely in control of the people, it must always remember (Hume's Paradox) that the people are ultimately in control and will rebel if they are sufficiently angered. Current plans are to convert about half of our corn crop to ethanol. That would kill a lot of babies. This program looks like a non-starter, in view of the growing awareness of its folly.

The preceding paragraphs have highlighted just a couple of features of the US response to the current global crisis. Its response will continue to be governed by what generates the most wealth for the wealthy elite (while keeping the risk of a people's revolution low). It will not address the fundamental problems facing the planet's biosphere (global industrialization; global warming; mass species extinction; destruction of the world's forests; pollution of land, sea and atmosphere; incentive for destruction of the biosphere by growth-based economics (debt-based money, interest)) or facing global human society, or their causes. It will not even address the fundamental problems facing the US people (loss of sovereignty of the people to global corporatism; enslavement by debt; decrease in standard of living for the US middle class; decrease in personal security, to name just a few), since those problems hurt only the middle class, not the country's wealthy controllers. You will continue to see proposals like Sachs' that will continue the system of wealth generation for the wealthy corporatists, but you will not see any response to solve the preceding problems, since the wealthy-elite controllers don't care about them – don't *want* them.

So what will the US government do about the current crisis? Nothing. Nothing, that is, that will help the planet's biosphere or the quality of life for the US middle class. Nothing that will extend the life of the United States or of global industrial civilization. It will continue to do what it has done for decades – serve the rich and adopt and execute policies that increase their wealth (including an endless series of totally ineffective programs, which enrich the wealthy even further and make it seem as if the government is doing its best to solve these "intractable" problems). Through economic growth, which made it strong, it has sown the seed of its own destruction.

A Possible Reprieve: A Plan for America

<u>The US Might Be Able to Last a Little Longer, if It Underwent a Profound Change</u>

As I stated in the introduction to this piece, it is my view that the United States as a nation (or viable culture) is finished. It is like a "dead man standing," and all that remains is for it to fall over. I am asked from time to time whether there is anything at all that can be done to change things. Well, in the long run, the answer is clearly "no," since the system of large human numbers and industrial activity is destroying the biosphere, and the US is the major component and proponent of that system. If that system continues, the biosphere is eventually destroyed and the US along with it. If that system is brought to a premature halt, then by definition the US as we know it ceases to exist.

So if nothing can be done to "save" the US in the long term, the question remains whether there is anything that can be done to save it in the short term, i.e., to continue it in some semblance of its current status as a large-scale industrial society. Yes, there is. Before doing so, however, it would be necessary to determine whether this would be a good idea, i.e., to determine in what way a short-term extension of this industrial society would benefit the long term. To accomplish an extension, the policies that have brought it to its present condition would have to end, *and some very fundamental changes made*. If this were done, the US could continue as a major industrial power for some additional time. At some point, however, the oil that fuels this type of society runs out (Hubbert's Curve), and it is finished. All that is possible is a brief reprieve, and that is possible only if a fundamental change occurs in America's culture and system of operation.

Recently the pastor of our church delivered a sermon in which he related the story of King Hezekiah. At the point at which the story begins, King Hezekiah is dying, and he calls for the prophet Isaiah to comfort him. Isaiah tells the king that he is indeed going to die, and that he should put his things in order. At this point, the very distraught Hezekiah implores the Lord to save his life. Upon hearing Hezekiah's earnest plea, the Lord takes pity on him and grants him 15 years' additional life.

The US may be in a similar position. It is about to die, and soon, and that is that. It is possible, however, that through some sort of miracle, the US could be granted some additional time – sufficient oil remains to enable this to happen. (It is not a lack of oil that has destroyed US culture – it committed cultural suicide long before the end of oil or even the passage of Hubbert's Peak.) For this to happen, the US would have to undergo a tremendous change. To accept fundamental change, the American people (or what remains of the traditional "core" Northern European culture) would have to see clearly – be totally convinced – that the United States cannot possibly continue as it has in the recent past, and that it may continue only if a fundamental change were to happen. For America to change, it must, in my view, experience a profound realization that its past ways were wrong, see and believe what is required to give it new life, and work hard to bring that about. In my view, the US culture would only come to this realization if it virtually collapsed, just short of total death, and was then "reborn." That is, a "near-death experience" is the kind of shock that it will take to wake Americans up and motivate them to take the steps to rebuild a viable society.

Once Americans see that all that can be accomplished is a brief extension of their industrial society (because oil is running out), they may not be sufficiently motivated to work toward it. Also, simply because Americans have the desire for their society to survive for one more generation before suffering its demise is not at all sufficient. As Jared Diamond pointed out, some societies die because although they understand what is happening, but they do not know what to do about it. To accomplish an extension of life for the United States would require a leader who knows what to do and how to do it. He would have to identify a meaningful purpose for a brief extension of American society, and convince the people to work toward it.

<u>A Major Collapse of the US Financial System Appears Imminent</u>

What sort of "shock" would be sufficient to motivate the US people to reject their current system and adopt another? Probably only a massive failure of the financial system. If global nuclear war were to occur, America would not likely continue as an industrial power. Moreover, even if the country were not totally destroyed the people would view that the destruction by war was not necessarily the result of a fundamental flaw in the American system, and would seek simply to repair or rebuild it as it was before (and see it collapse again). It seems to me that the financial

collapse of the US (and the world along with it) is imminent – that it is likely to happen within a few months' time (don't press me for a specific date – predictions with dates attached are bound to fail). With a financial collapse, people will see unambiguously that the current system has failed, but they will still possess the physical infrastructure to quickly resume operations. The following paragraphs explain my reasons for believing that a financial collapse will occur very soon, i.e., will occur long before the destruction of the biosphere occurs, and what type of financial system should replace it. The reasoning is a little complicated, and I will not discuss it in detail, but I will outline the major considerations.

My main reason for believing that a financial collapse is imminent is that it appears that it is already beginning – large banks and other large investment organizations such as Fannie Mae and Freddie Mac are failing. The only reason why they are not collapsing in larger numbers at the moment is that the US government up to now has been able to and is bailing them out, either by using taxpayer money, by increasing the national debt, or by printing new money ("monetizing the debt"). This is possible on a small or moderate scale, but not on a massive scale, which, it appears to me, will soon be required in a futile attempt to delay a complete breakdown: taxes are inadequate, US debt is increasingly unappealing to foreign investors, monetizing the debt (this much, this fast) will lead to rampant inflation, and covering the losses from a collapse of the derivatives market is impossible.

Most federal tax revenue (which is ordinarily used to pay for bailouts) comes from taxes on the middle class. Middle-class taxpayers are "maxed out," deep in debt with both parents of most families working; the cost of living (housing, commuting, energy, food) is very high (because of our inefficient oil-based system); many good jobs have been exported and (real, adjusted for inflation) middle-class wages are stagnant or declining; and there simply is not sufficient tax revenue available for a massive bailout. The national debt is already very high (so that interest is a major component of the national budget), and pushing it higher may alarm foreign creditors (the value of US currency relative to others has plummeted in recent years). Interest rates have been rising (so that the interest on the debt will grow even faster). Printing more money will fuel inflation (which is increasing to alarming levels) increase interest rates and debase the US currency. We are not going to "spend" ourselves out of this problem (since the debt is increasing much faster than the economy can grow).

Various financial systems (of which money and banking systems are major components) have been in operation in different parts of the world for a long time. Depending on how they are set up, they may operate for a long time. Unfortunately, our financial system is not stable, and a major reason for the instability is the money and banking system. It is designed to promote rapid economic growth, and (in a "*laissez-faire*" free-market economy) it exhibits a fair amount of random behavior, including wild "swings" (economic expansions and contractions; "booms and busts"). It is designed to generate massive wealth for the wealthy elite, primarily at the expense of the masses. Our financial system promotes the transfer of wealth from the middle class to the wealthy in several ways: through private ownership of banks, which accrues interest to private bankers; through the mechanism of debt and compound interest, which continually transfers wealth from the borrowers to the lenders; and through periodic economic contractions, in which many of the middle class lose everything. (In addition to the financial system, other features of US society transfer wealth from the middle class to the wealthy, including the health system, subsidies that benefit the wealthy, and globalization (free trade, mass immigration, open borders). This reason for focusing on the financial sector here is the positing (in this section) of a failure of the US financial system as a possible major shock to the US, to motivate it to change.)

As discussed earlier, because our financial system is based on debt-based money and compound interest, the total amount of money and debt are, on average, over time, generally growing. As long as the debt is small relative to the budget, things continue pretty well. For various reasons (greed; inadequate government regulation and financial prudence; external shocks; the inherent random nature of a *laissez-faire*, free-market system; an inadequate tax system that promotes national debt; limited ability of the government to control the system), the amount of debt becomes unmanageable at times, and the system collapses. The larger the system grows, the larger are the collapses. The more interconnected the global system becomes, the greater the likelihood that when a serious problem occurs, such as bankruptcy of the US, the entire global system will come crashing down. The minor collapses are recessions (modest economic contractions) and depressions (severe economic contractions). In each collapse, a lot of people lose everything, and their debt is wiped out. The wealthy lose a lot of wealth, but are not wiped out. They hold the loans / mortgages of the losers and retain sufficient money to buy out most of the "little guys" who barely hold on.

The last major depression was the Great Depression that started with the collapse of the US stock markets in October of 1929. A major factor causing the stock market crash was the massive purchases of securities on credit (i.e., through debt by people of modest means). After the crash, the wealthy ended up owning most of the small farms in America. Since that time, the policy of the US and world financial powers has been to try to avoid severe contractions (because they may lead to revolutions – remember Hume's Paradox). Since the Great Depression, the size and complexity of the US and global financial system has increased tremendously, with only minor contractions from time to time. Also, the financial systems of all countries are now (under "globalization") tightly interconnected, so that if a collapse occurs, it will have a strong effect on all countries. Many countries escaped the brunt of the Great Depression because at that time their financial systems were not so interlocked at that time.

For a number of reasons, the likelihood of a US and global financial collapse has been increasing substantially in recent years. The US and global financial leaders have managed to avoid a major collapse for some time through various bailouts and "behind the scenes" activities (the "Great Moderation"), but there are indications that these actions may not be able to avoid a major collapse for much longer. To understand why this is so, and to understand what kind of money and banking system should replace the current system when it fails, it is necessary to understand some of the fundamentals of the present US money and banking system (which is similar to that of most other countries). (Also, there is a lot of confusion about the notion of debt and the role of the Federal Reserve. This discussion attempts to clarify this.)

[If you are not interested in technical details, skip the next several pages, and proceed to the section headed, "A Program for America's Survival."]

<u>The Nature of the US Money and Banking System: Debt-Based Money; Fractional-Reserve Banking; Compound Interest; Private Banks</u>

As was discussed earlier, the US money and banking system is a debt-based money, fractional-reserve banking system. Since our money system is based on debt, and since it is massive debt that generally causes a collapse of the financial system and will likely trigger the next one, it is necessary to know a little about the national debt (government debt, public debt). For an excellent description of the US money system, see Ellen Hodgson Brown's The Web of Debt (2007, 2008). For brief summaries, consult the Wikipedia entries "money," "money supply," "debt," "United States public debt," "bank," "central bank", "fractional-reserve banking," and "Federal Reserve System."

“Money” refers to anything that is generally accepted as payment for goods and services and debts. To be useful, money must be fungible (one unit is equivalent to another), highly divisible and verifiable (authenticity and amount). The major types of money are commodity money (e.g., gold, silver), representative money (certificates or tokens that may be exchanged for a fixed quantity of a commodity), fiat money (money legislated by the government) and credit money (IOUs, bonds, not payable immediately). Most of the world’s money and banking systems today (including that of the US) are debt-based fractional-reserve banking systems. Our currency is backed by debt, and debt may be used as money. Money is debt and debt is money. (The word credit may be used in place of debt, since the two are complementary.) Several categories of money are defined, reflecting differences in how they respond to monetary-policy controls. These include M0, which is physical currency (coins, bills and central-bank deposits); M1: M0 minus those portions of M0 held as cash reserves plus demand deposits (checking accounts); M2: M1 plus saving deposits, non-institutional money-market funds, and small denomination time deposits (certificates of deposits of less than $100,000); M3: M2 plus all other CDs (large time deposits, institutional money-market funds, eurodollar deposits and repurchase agreements). Note that financial instruments such as government bonds are “money” (there are active markets in them). M0 is the “narrowest” definition of money, and the most easily affected by monetary policy; M3 is the broadest (widest) definition, including all forms of money, including credit.

There is a lot of room for confusion in the term “money,” and the specific meaning is often implied by context. “Money” may refer just to currency (coins and notes), but it can just as well refer to debt instruments (bonds and other securities) and credit. When it is important to make the distinction, the form of the money (e.g., currency notes or bonds) will be specified.

The national debt is all US debt securities (e.g., treasury bills, notes, bonds) held by nongovernmental organizations (individuals, states, corporations and foreign governments). The US has had a public debt since its formation, except for one year (1835) when President Andrew Jackson paid it off. (Jackson paid the debt off before the country adopted a debt-based currency; paying the debt off now is not possible without destroying the money supply.) Whenever the US government’s expenses exceed its revenues (i.e., it runs a deficit), it issues new debt (securities, bonds). The two main ways for this to occur is (1) to sell government bonds on the open market (and use the dollars from the proceeds to pay its bills); or (2) to “monetize” the debt, by placing government bonds with the Federal Reserve (the US central bank) and creating an equal amount of dollar currency, which may be printed bills (Federal Reserve notes) or simply an accounting entry in the Federal Reserve’s books (as before, the dollars are used to pay the creditors). (The process of monetizing the debt is what is loosely referred to as “printing money.”)

In the first case, no new M0 money (physical currency) is created, but M3 increases (since new government bonds are created). The existing currency that is received for the bonds (from the purchasers) is used to pay the government’s creditors. In the second case, new M0 money is created (in amount equal to the value of the bonds). (Note that M3 automatically increases, since M0 is a component of it). Moreover, the amount of money that may ultimately be created is much more than the amount of the bonds, since under the system of fractional-reserve banking, bonds deposited in the Federal Reserve constitute backing for loans made by commercial banks (M1 money). Each commercial-bank loan generates money (“checkbook money”). The total amount of the commercial loans must be backed by Federal Reserve deposits (bonds) equal to a certain fraction (the reserve ratio) of the loans.

Note that in either case, M3 increases by the amount of the deficit. In the first case, money is created by the government's lending (it into the economy), whereas in the second case, money is created by the government's spending. In the first case (selling bonds) the national debt increases; in the second case (monetization) it does not (the amount of the deficit is borne by everyone, whose currency is depreciated (the cost being proportional to their wealth holdings)).

Note that there is a profound difference in the role of bonds held outside the Federal Reserve and bonds held by the Federal Reserve (as backing for money). They appear identical, but their function is very different. The "outside" bonds represent real obligations to others; the bonds in the Federal Reserve are simply convenient accounting fictions to reflect the value of issued money. In fact, most of the "interest" charged on them (by the central bank, to the government) is simply returned to the government (which pays the interest on all government bonds), since there is no "consideration" involved. In many countries the central bank is owned by the government, and so this debt is literally owed to itself. In the US, the central bank (Federal Reserve) is privately owned by a consortium of private banks, but since the interest on the bonds backing the money supply is rebated to the government, the practical effect of this private ownership of the central bank is nil. (Many people complain of the fact that the US central bank (the Federal Reserve) is privately owned, but since the interest charged on the bonds backing the money supply is rebated to the government, this is of little practical consequence. It is not, of course, what the country's founders intended when they vested the power to coin (issue) money with the federal government. The "bonds" held by the Federal Reserve as backing for the US money supply are really just a fiction (although they are in fact real bonds that generate real interest – which is rebated to the government). Unlike bonds held outside the Federal Reserve, they have almost no effect in changing either the relative wealth of anyone (since the interest is rebated). Because the bonds backing the money supply are of no real significance, they are not counted as part of the national debt, or as part of the M3 money supply. Hence, selling of bonds to cover a deficit increases the national debt (by the size of the deficit), whereas monetizing the debt eliminates it by placing the bonds in the Federal Reserve (and increasing the size of the M0 money supply).

The process of redeeming bonds (which may be done if the government runs a surplus rather than a deficit) is the reverse of the process of issuing them. Bonds may be redeemed from the market (outside the Federal Reserve) in exchange for currency (Federal Reserve notes), or they may be redeemed from the Federal Reserve in exchange for currency. In both cases, the size of M3 decreases by the size of the debt repayment. In the first case, the M0 money supply remains the same (money is taken from taxpayers and given to bondholders). The bond is destroyed (and M3 decreases). In the second case, currency is paid to the Federal Reserve, and it "voids" the bonds by destroying both the bond and an equivalent amount of currency (i.e., M0 decreases, as does M3, which includes M0). In this case, the money supply may decrease in two ways: for certain from a destruction of currency (M0 money) equal to the value of the bonds, and potentially because there is less reserve against which commercial banks may create loans (M1 money that is not M0).

If there is no deficit, the government may still sell bonds (or other IOUs) and simply store the currency it receives in payment. In this case, the money supply available to the public shrinks. Also, if the government repays a bond held by the Federal Reserve but the Federal Reserve does not void the bond (destroy both the bond and an equivalent amount of currency), then the reserve still exists and commercial banks may make loans (create M1 money) against it.

Although there are two basic categories of money – physical currency (central bank money) and money created through loans (commercial bank money, or checkbook money), this distinction is

conceptual. In reality, money is fungible, and checkbook money, although it starts simply as a bookkeeping entry, may be redeemed for physical currency (although not all at once, since it is backed up only fractionally).

When currency (Federal Reserve notes) is created, it starts out equal in amount to the corresponding bond, but over time the bonds accrue interest, while the currency does not. (Where the interest comes from will be discussed later.) The bonds on deposit in the Federal Reserve also generate interest, but, as mentioned, because there is no "consideration" for this loan, most of the interest (which was paid by the government) is returned to the government.

Although there are just two standard ways of handling deficits (selling bonds on the open market or "monetizing" the debt), there are several different ways in which bonds may be redeemed. In later discussion, it will be helpful to understand these ways, and so they will be summarized here. In the discussion that follows, it is important to remember that when a government bond is deposited by the government in the Federal Reserve, an equivalent amount of (central bank, M0) money is created, and when a government bond is voided (by the Federal Reserve), an equivalent amount of money is destroyed.

The ways in which bonds may be redeemed are: (1) use tax revenues to redeem outstanding bonds held outside of the Federal Reserve; (2) use tax revenues to redeem bonds at the Federal Reserve, and void them – destroy the bond and destroy the currency associated with it; (3) place new bonds with the Federal Reserve and use the issued currency (Federal Reserve notes) to redeem outstanding bonds outside of the Federal Reserve; (4) redeem bonds outside the Federal Reserve, *but do not void them*; and (5) print money that is not backed by bonds in the Federal Reserve (US notes backed by the credit of the US government), and redeem bonds (held outside the Federal Reserve) with this money. In the first case, the national debt is reduced and the size of the M3 money supply decreases – the M0 money is transferred from taxpayers to the bondholders, and the national debt is reduced (the bond is destroyed). In the second case, the amount of the bonds at the Federal Reserve is reduced and the M3 money supply shrinks, at least by the amount of the bonds redeemed, and potentially up to the fractional-reserve-banking multiplier that allows commercial banks to make loans (create money) many times the value of the reserves backing them (e.g., ten times as much). In the third and fourth cases (which are equivalent) the national debt (bonds outside the Federal Reserve) is reduced, but simply by replacing it by bonds held by the Federal Reserve. The immediate effect is to reduce M3, but in this case, the money supply may actually *increase* since the new bond in the Federal Reserve may be used to back money created by commercial banks (in an amount many times the size of the bonds). In the fifth case, the M3 money supply remains the same and the national debt (bonds held outside the Federal Reserve) decreases (it is converted from bonds (non-M0) to currency(M0)). This method of retiring debt is rarely used. It would represent a significant departure from a system in which the US central bank was private to one in which it was public (i.e., the government would issue the currency directly, as envisaged in the US Constitution). In this case the debt is converted into legal tender (this is what Alexander Hamilton did in the early days of the Republic).

In cases 1, 3, 4 and 5 the national debt is decreased, whereas in case 2 the national debt does not change.

It is reasonable to ask why the US has a privately owned central bank, while many other countries have publicly owned (government-owned) central banks. This is done simply to give the impression that monetary policy is controlled by professional economists ("independent within the government"), rather than the politicians of a particular administration. As long as the

interest on the bonds held by the central bank to back the money supply is rebated to the government, there is no significant difference between public and private ownership of a country's central bank. It should be noted, however, that when the Federal Reserve was established, it *did not* rebate the interest on the bonds to the government. This was very outrageous – why should the government pay private bankers interest on the government's own bonds? Congressman Wright Patman was responsible for correcting this absurdity.

As will be discussed, the ownership of the central bank is of little effect, if its role is restricted to storing of the reserves backing up the nation's currency (and regulating banks and the money supply). What is of great effect is the ownership of the commercial banks.

Since the bonds held by the Federal Reserve as backing for the nation's currency do not generate interest, that "debt" is of no real consequence, and it is therefore not considered a part of the national debt. It is always a small fraction of the total money supply. Under a system of debt-based money it *cannot* be repaid, without destroying (collapsing) the money supply. For the money supply to exist in a debt-based money system, *someone* has to hold the debt backing the money. The government bonds that are of real significance are the bonds (or other securities) held *outside* the Federal Reserve. These are real obligations to nongovernmental entities, and they generate real (non-rebated) interest. For the country to be in control of its destiny, these bonds (true debt, national debt) should be small or zero most of the time, created only to overcome financial crises (to stimulate a depressed economy, per Keynesian economics). The crisis that the country faces at the present time is that the national debt has exploded in recent years. Furthermore, much of it is held (currency and bonds) by foreign countries, such as China and Japan (i.e., it is "external" debt). It earns a high rate of compound interest, and is growing rapidly. If the government does not do something to control the growth of the debt (and reduce it) soon, the value of the US currency will decline further (since more money / debt must be created to pay the interest), and foreign owners of US money (currency, bonds) will dump it. At that time the US financial system will likely collapse (since we will no longer be able to participate effectively in global trade, upon which we are now totally dependent), taking the global financial system along with it (since it is such a large part of the global financial system).

<u>What Matters Most Is How Interest Is Handled</u>

Although the fact that the US central bank is privately owned does not matter much from the point of view of holding reserves backing the money supply (since the interest is rebated to the government), the fact that the commercial banks are privately owned matters a very great deal. If all banks were national (government-owned) banks, the government would collect all of the interest, and could use it (in lieu of taxes) to fund its operations. Under a system of privately owned commercial banks, private bankers collect all of the interest and become fabulously wealthy. The fabulous profits from banking operations are given to the bankers, rather than to the people. A key aspect of money and banking is how interest is handled.

In early cultures (e.g., Judaism, Christianity, Islam), charging of interest was generally forbidden, or debts had to be forgiven on a regular basis (e.g., every seven and fifty years in Judaism). This was done to prevent concentrations of wealth (that might rival the government or the church) and to prevent using wealth (rather than labor, earned income) to generate income and more wealth. Since private ownership of banking does not serve the people and enriches the bankers, it is of interest to examine why our banking system is set up this way. First, however, it is helpful to present a simple example that illustrates different ways that interest may be handled in a society. Consider the situation of a retired widow who owns a

home that she wishes to dispose of, and a young couple who wish to acquire a home. The young couple are without savings, but they have income from work. We may consider three cases: (1) the widow sells the home to the young couple, giving them a 30-year loan for $100,000 at 5.3 percent interest (payments of $555.30 per month); (2) the couple borrows the same amount at the same terms from a private bank and purchases the house; and (3) the couple borrows the same amount at the same terms from a national bank (i.e., from the government) and purchases the house. To keep the example simple, let us suppose that the rate of inflation is zero, so that the value of things (such as the widow's house) does not change over time. In case 1, at the end of 30 years, the widow has been repaid her $100,000 principal and an additional $100,000 in interest. She now has double the original value of her house – in effect, she now owns the equivalent of two houses. The second "equivalent house" was acquired by her holding the loan and receiving the interest on it. In case 2, the widow receives $100,000 for her home. If she doesn't re-invest the money, at the end of 30 years she still owns one house. (If she reinvests the money, she will receive some income, but probably not as much as the bank's mortgage interest rate.) The bank has collected the interest, and at the end of 30 years it now has $100,000, the equivalent of one house. In case 3, the widow receives $100,000 for her home and, as in case 2, if she doesn't re-invest the money, at the end of 30 years she still owns one home. In this case, the government has collected the interest, and at the end of 30 years it now has $100,000, the equivalent of one house (or it may spend the interest any way it wishes, avoiding the need to levy $100,000 in taxes).

It is clear from this simple example that whoever lends the money receives the interest. If there is no bank at all, a private individual (the widow) makes the loan and retains the interest. If the bank makes the loan, it retains the interest. If the bank is privately owned, then the banker (private owner of the bank) retains the interest. If the bank is owned by the government, then the government retains the interest. This simple example shows that it is extremely important who owns the banks, since they acquire the interest.

The fundamental problem causing the national debt to be so large (as well as transferring massive wealth from the middle class to the wealthy) is the private ownership of the commercial banks, which create money every time a loan is made and retain all of the interest charged. If banks were nationalized, so that the interest on bank loans accrued to the government, there would be no public-debt crisis, we would not need an income tax, and the distribution of income and wealth would not be skewing as it is. *Whether the central bank (the Federal Reserve) is privately owned or not is not the fundamental problem or issue.* Of course, if all commercial banks were government-owned, it would be logically consistent for the central bank to be government-owned as well.

<u>In the US, Banks Are Privately Owned, and the Bankers Get the Interest</u>

In the United States, banks are privately owned. Most money in the economy – commercial loans – is created by private banks (commercial banks). The central bank is hardly a bank at all – it simply stores the assets (government bonds) backing the national currency (and the interest on them is rebated to the government) and regulates the private banks (and the money supply). Most of the money in the economy is created in private commercial banks, and it is to these banks that the interest on the loans is paid. Our banking system has been set up to make bankers very wealthy, when it could have been set up – as a national banking system, with the government owning the banks – to return the interest to the government to be used in lieu of taxes. This is a profound difference, and it is important to understand why it is this way, how this set-up is destroying US society, and how simply it could be changed.

It might be argued, in the preceding example, that the widow is entitled to the interest because she owned the property and accepted the risk that the couple would destroy it before she was repaid. It might be argued that the bankers are entitled to the interest, because they accept the risk (which the widow no longer bears once the bank takes the title to her house and gives her the cash for it) and have to cover the cost of servicing (collecting) the debt. Or it might be reasoned, as was once done by the three Abrahamic religions (and Karl Marx) that interest (or rents, which are essentially the same thing) should not accrue to private individuals. (It is interesting to note that Judaism allowed charging of interest to non-Jews.) The issues here are whether unearned income (interest, rent) is moral and serves a useful social purpose. (The story of Jesus throwing the moneylenders out of the temple is worth keeping in mind.)

A key element of the situation is that the loan may be made only if the couple is trustworthy, i.e., has good "credit." This credit is an essential ingredient of the transaction, and is of high value. In making the loan, the couple is giving the value of their good credit to whoever extends the loan – it is the assurance that they will pay. (The couple is also receiving the benefit of its good credit, in qualifying for the loan.) They may wish to give this value to the widow (who may in fact be a friend, or a relative, or their mother), or to the government (for the interest to benefit the public, of whom they are a part), but it is hard to understand why they would give it to anonymous bankers. This very scenario plays out in a large scale today, in the credit-card industry (and now debt crisis). When I was young, a person with good credit would arrange to purchase goods from a local merchant on his good name, sometimes receiving the goods right away (or after making a down payment) and other times after completing the payment ("layaway"). Today, a young person routinely forfeits the value of his good credit by letting a credit-card company pay the merchant, and then paying the credit card company an exorbitant rate of interest, such as 20 percent. He gives the full value of his credit to the credit-card company – and pays them for it!! (The merchant usually also pays a small fee to the credit-card company.) In the past, he could negotiate his good credit to receive the goods from the merchant without paying a penny in interest, and the merchant also did not have to pay anything to the credit-card company. He fully realized the value of his good name and credit, by not having to pay interest while he paid for the goods. Today, he gives the total value of this credit to the credit-card company (instead of to himself), and ends up deep in compound-interest debt – charged on his own credit! Why?

Why Aren't US Banks Public?

How did it happen that in the US the commercial banks, which create most of the money, are privately owned? Here is an excerpt from the Wikipedia article on the Federal Reserve System, which summarizes the history very succinctly:

"Agrarian and progressive interests, led by William Jennings Bryan, favored a central bank under public, rather than banker, control. But the vast majority of the nation's bankers, concerned about government intervention in the banking business, opposed a central bank structure directed by political appointees. The legislation that Congress ultimately adopted in 1913 reflected a hard-fought battle to balance these two competing views and created the hybrid public-private, centralized-decentralized structure that we have today."

It is said that William Jennings Bryan, who had fought hard against a private banking system for years, was "tricked" into agreeing to support the Federal Reserve Act of 1913, and was utterly dismayed when he realized what he had done. The bill was passed by Congress on December 22, 1913, and President Woodrow Wilson signed it into law the next day, three days before Christmas. Wilson, too, later profoundly regretted what he had done, and commented, "I have

unwittingly ruined my country." The bill was difficult to understand. Even the use of the word "Federal" in the name is deceptive – the Federal Reserve is not a federal organization at all.

In any event, the bankers got virtually everything they wanted – the banking system is private in everything but the name of the central bank. The essential role of the bank is to store the reserves (government bonds) backing up the currency, and to regulate the private banks and the money supply (e.g., by setting the fractional reserve ratio). In the beginning, the Federal Reserve even kept the interest on these bonds, but, as I mentioned earlier, this ridiculous set-up was eventually modified so that the interest is "rebated" to the government (29 billion dollars in 2006). The crucial aspect of the system is that commercial banks create money whenever they create a loan, and all of the interest from the loan accrues to them. The bankers get it all. The interest, which could be used to reduce or obviate the need for taxes if the banks were publicly owned, goes to the wealthy elite (the owners of the commercial banks), not to the government and the people.

The Constitution is not clear about the role of the central bank and the matter of who issues money (although it does state that only the government may "coin" it, and the Preamble states that the government is to promote the general welfare). Thomas Jefferson was in favor of a public banking system and Alexander Hamilton was in favor of a private one. Eventually, Hamilton prevailed (in exchange for Jefferson's agreeing to support moving the nation's capital to Virginia).

The financial crisis represented by massive US national debt could be resolved by our government, through prudent fiscal measures (such as elimination of free trade, replacement of the income tax by a value-added tax, reduction in government spending, nationalization of all banking and moneylending, and prohibiting the charging of interest (per the original tenets of Judaism and Christianity, and of Islam today), but it is unwilling to do any of these things (since they would retard economic growth and generation of wealth for the wealthy elite). When the coming financial collapse occurs, it will be willing to do these things. (It is interesting to note that the solutions involve a return to the traditional morality of yesteryear. One might easily conjecture that religious "fundamentalists" will play a role in the "redemption" of the United States.)

Who Owns the Federal Reserve?

There is a lot of confusion about the ownership of the US central bank, the Federal Reserve. Most people think that it is owned by the US government, but it is not – it is owned by a consortium of private banks. Here follows an excerpt from Ellen Hodgson Brown's article, "The Fed Now Owns the World's Largest Insurance Company – But Who Owns the Fed?" posted at her website, http://www.webofdebt.com/articles/time_to_buy_the_fed.php.

> "Some people think that the Federal Reserve Banks are United States Government institutions. They are private monopolies which prey upon the people of these United States for the benefit of themselves and their foreign customers; foreign and domestic speculators and swindlers; and rich and predatory money lenders."
>
> – The Honorable Louis McFadden, Chairman of the House Banking and Currency Committee in the 1930s

The Federal Reserve (or Fed) has assumed sweeping new powers in the last year. In an unprecedented move in March 2008, the New York Fed advanced the funds for JPMorgan Chase Bank to buy investment bank Bear Stearns for pennies on the dollar. The deal was

particularly controversial because Jamie Dimon, CEO of JPMorgan, sits on the board of the New York Fed and participated in the secret weekend negotiations. In September 2008, the Federal Reserve did something even more unprecedented, when it bought the world's largest insurance company. The Fed announced on September 16 that it was giving an $85 billion loan to American International Group (AIG) for a nearly 80% stake in the mega-insurer. The Associated Press called it a "government takeover," but this was no ordinary nationalization. Unlike the U.S. Treasury, which took over Fannie Mae and Freddie Mac the week before, the Fed is not a government-owned agency. Also unprecedented was the way the deal was funded. The Associated Press reported:

> "The Treasury Department, for the first time in its history, said it would begin selling bonds for the Federal Reserve in an effort to help the central bank deal with its unprecedented borrowing needs."

This is extraordinary. Why is the Treasury issuing U.S. government bonds (or debt) to fund the Fed, which is itself supposedly "the lender of last resort" created to fund the banks and the federal government? Yahoo Finance reported on September 17:

> "The Treasury is setting up a temporary financing program at the Fed's request. The program will auction Treasury bills to raise cash for the Fed's use. The initiative aims to help the Fed manage its balance sheet following its efforts to enhance its liquidity facilities over the previous few quarters."

Normally, the Fed swaps green pieces of paper called Federal Reserve Notes for pink pieces of paper called U.S. bonds (the federal government's I.O.U.s), in order to provide Congress with the dollars it cannot raise through taxes. Now, it seems, the government is issuing bonds, not for its own use, but for the use of the Fed! Perhaps the plan is to swap them with the banks' dodgy derivatives collateral directly, without actually putting them up for sale to outside buyers. According to Wikipedia (which translates Fedspeak into somewhat clearer terms than the Fed's own website):

> "The Term Securities Lending Facility is a 28-day facility that will offer Treasury general collateral to the Federal Reserve Bank of New York's primary dealers in exchange for other program-eligible collateral. It is intended to promote liquidity in the financing markets for Treasury and other collateral and thus to foster the functioning of financial markets more generally. . . . The resource allows dealers to switch debt that is less liquid for U.S. government securities that are easily tradable."

"To switch debt that is less liquid for U.S. government securities that are easily tradable" means that the government gets the banks' toxic derivative debt, and the banks get the government's triple-A securities. Unlike the risky derivative debt, federal securities are considered "risk-free" for purposes of determining capital requirements, allowing the banks to improve their capital position so they can make new loans. (See E. Brown, "Bailout Bedlam," webofdebt.com/articles, October 2, 2008.)

In its latest power play, on October 3, 2008, the Fed acquired the ability to pay interest to its member banks on the reserves the banks maintain at the Fed. Reuters reported on October 3:

> "The U.S. Federal Reserve gained a key tactical tool from the $700 billion financial rescue package signed into law on Friday that will help it channel funds into parched

credit markets. Tucked into the 451-page bill is a provision that lets the Fed pay interest on the reserves banks are required to hold at the central bank."

If the Fed's money comes ultimately from the taxpayers, that means we the taxpayers are paying interest to the banks on the banks' own reserves – reserves maintained for their own private profit. These increasingly controversial encroachments on the public purse warrant a closer look at the central banking scheme itself. Who owns the Federal Reserve, who actually controls it, where does it get its money, and whose interests is it serving?

Not Private and Not for Profit?

The Fed's website insists that it is not a private corporation, is not operated for profit, and is not funded by Congress. But is that true? The Federal Reserve was set up in 1913 as a "lender of last resort" to backstop bank runs, following a particularly bad bank panic in 1907. The Fed's mandate was then and continues to be to keep the private banking system intact; and that means keeping intact the system's most valuable asset, a monopoly on creating the national money supply. Except for coins, every dollar in circulation is now created privately as a debt to the Federal Reserve or the banking system it heads. The Fed's website attempts to gloss over its role as chief defender and protector of this private banking club, but let's take a closer look. The website states:

- "The twelve regional Federal Reserve Banks, which were established by Congress as the operating arms of the nation's central banking system, are organized much like private corporations – possibly leading to some confusion about "ownership." For example, the Reserve Banks issue shares of stock to member banks. However, owning Reserve Bank stock is quite different from owning stock in a private company. The Reserve Banks are not operated for profit, and ownership of a certain amount of stock is, by law, a condition of membership in the System. The stock may not be sold, traded, or pledged as security for a loan; dividends are, by law, 6 percent per year."

- "[The Federal Reserve] is considered an independent central bank because its decisions do not have to be ratified by the President or anyone else in the executive or legislative branch of government, it does not receive funding appropriated by Congress, and the terms of the members of the Board of Governors span multiple presidential and congressional terms."

- "The Federal Reserve's income is derived primarily from the interest on U.S. government securities that it has acquired through open market operations. . . . After paying its expenses, the Federal Reserve turns the rest of its earnings over to the U.S. Treasury."

So let's review:

1. The Fed is privately owned.

Its shareholders are private banks. In fact, 100% of its shareholders are private banks. None of its stock is owned by the government.

2. The fact that the Fed does not get "appropriations" from Congress basically means that it gets its money from Congress without congressional approval, by engaging in "open market operations."

Here is how it works: When the government is short of funds, the Treasury issues bonds and delivers them to bond dealers, which auction them off. When the Fed wants to "expand the money supply" (create money), it steps in and buys bonds from these dealers with newly-issued dollars acquired by the Fed for the cost of writing them into an account on a computer screen. These maneuvers are called "open market operations" because the Fed buys the bonds on the "open market" from the bond dealers. The bonds then become the "reserves" that the banking establishment uses to back its loans. In another bit of sleight of hand known as "fractional reserve" lending, the same reserves are lent many times over, further expanding the money supply, generating interest for the banks with each loan. It was this money-creating process that prompted Wright Patman, Chairman of the House Banking and Currency Committee in the 1960s, to call the Federal Reserve "a total money-making machine." He wrote:

"When the Federal Reserve writes a check for a government bond it does exactly what any bank does, it creates money, it created money purely and simply by writing a check."

3. The Fed generates profits for its shareholders.

The interest on bonds acquired with its newly-issued Federal Reserve Notes pays the Fed's operating expenses plus a guaranteed 6% return to its banker shareholders. A mere 6% a year may not be considered a profit in the world of Wall Street high finance, but most businesses that manage to cover all their expenses and give their shareholders a guaranteed 6% return are considered "for profit" corporations.

In addition to this guaranteed 6%, the banks will now be getting interest from the taxpayers on their "reserves." The basic reserve requirement set by the Federal Reserve is 10%. The website of the Federal Reserve Bank of New York explains that as money is redeposited and relent throughout the banking system, this 10% held in "reserve" can be fanned into ten times that sum in loans; that is, $10,000 in reserves becomes $100,000 in loans. Federal Reserve Statistical Release H.8 puts the total "loans and leases in bank credit" as of September 24, 2008 at $7,049 billion. Ten percent of that is $700 billion. That means we the taxpayers will be paying interest to the banks on at least $700 billion annually – this so that the banks can retain the reserves to accumulate interest on ten times that sum in loans.

The banks earn these returns from the taxpayers for the privilege of having the banks' interests protected by an all-powerful independent private central bank, even when those interests may be opposed to the taxpayers' -- for example, when the banks use their special status as private money creators to fund speculative derivative schemes that threaten to collapse the U.S. economy. Among other special benefits, banks and other financial institutions (but not other corporations) can borrow at the low Fed funds rate of about 2%. They can then turn around and put this money into 30-year Treasury bonds at 4.5%, earning an immediate 2.5% from the taxpayers, just by virtue of their position as favored banks. A long list of banks (but not other corporations) is also now protected from the short selling that can crash the price of other stocks.

Time to Change the Statute?

According to the Fed's website, the control Congress has over the Federal Reserve is limited to this:

> "[T]he Federal Reserve is subject to oversight by Congress, which periodically reviews its activities and can alter its responsibilities by statute."

As we know from watching the business news, “oversight” basically means that Congress gets to see the results when it’s over. The Fed periodically reports to Congress, but the Fed doesn’t ask; it tells. The only real leverage Congress has over the Fed is that it “can alter its responsibilities by statute.” It is time for Congress to exercise that leverage and make the Federal Reserve a truly federal agency, acting by and for the people through their elected representatives. If the Fed can demand AIG’s stock in return for an $85 billion loan to the mega-insurer, we can demand the Fed’s stock in return for the trillion-or-so dollars we’ll be advancing to bail out the private banking system from its follies.

If the Fed were actually a federal agency, the government could issue U.S. legal tender directly, avoiding an unnecessary interest-bearing debt to private middlemen who create the money out of thin air themselves. Among other benefits to the taxpayers. a truly “federal” Federal Reserve could lend the full faith and credit of the United States to state and local governments interest-free, cutting the cost of infrastructure in half, restoring the thriving local economies of earlier decades.

Addendum: Who Owns the Banks That Own the Fed?

Beyond merely stating that all the shareholders of the Fed are its member banks, I’ve been asked to elaborate on who actually owns those banks. Are they owned by powerful foreign banking families as has been alleged? According to a discursive article by Dr. Edward Flaherty, condensed below, the answer is no – not to any provable extent. But that does not mean that the Fed and the U.S. banking system are not controlled from abroad. The central banking system has its own “banker’s bank,” the Bank for International Settlements (BIS) in Basel, Switzerland. The BIS does control the international banking system, in part by setting capital requirements -- the requirements that have now caused the entire U.S. credit market to freeze up. But that is a subject for a later article. Dr. Flaherty wrote:

“. . . Each of the twelve Federal Reserve Banks is organized into a corporation whose shares are sold to the commercial banks and thrifts operating within the Bank’s district. Shareholders elect six of the nine the board of directors for their regional Federal Reserve Bank as well as its president. . . .

“The SEC requires the name of any individual or organization that owns more than 5 percent of the outstanding shares of a publicly traded firm be made public. If foreigners own any shares of [eight banks claimed by Eustace Mullins to control the New York Federal Reserve], then their portions are not greater than 5 percent at this time. With no significant holdings of the major New York area banks, it does not seem likely that foreign conspirators could direct their actions.

“. . . The law stipulates a small portion of Federal Reserve stock may be available for sale to the public. . . . However, under the terms of the Federal Reserve Act, public stock was only to be sold in the event the sale of stock to member banks did not raise the minimum of $4 million of initial capital for each Federal Reserve Bank when they were organized in 1913 (12 USCA Sec. 281). Each Bank was able to raise the necessary amount through member stock sales, and no public stock was ever sold to the non-bank public. In other words, no Federal Reserve stock has ever been sold to foreigners; it has only been sold to banks which are members of the Federal Reserve System.

“. . . [E]ach commercial bank receives one vote regardless of its size, unlike most corporate voting structures in which the number of votes is tied to the number of shares a person holds.

The New York Federal Reserve district contains over 1,000 member banks, so it is highly unlikely that even the largest and most powerful banks would be able to coerce so many smaller ones to vote in a particular manner. To control the vote of a majority of member banks would mean acquiring a controlling interest in about 500 member banks of the New York district." [Prof. Edward Flaherty, University of Charleston, "Who Owns and Controls the Federal Reserve?" (July 18, 1997); citations omitted.]

[End of Hodgson article.]

Some Final Remarks on Banking

Monetary policy includes establishing what type of money and banking system is used (e.g., gold-backed or fiat currency) and actions such as setting the fractional reserve requirement (fraction of a private bank's loans that must have deposits at the central bank) and the discount rate (interest rate charged to banks that borrow from the Federal Reserve). The goal of monetary policy is to regulate the money supply to promote economic growth. One of the objectives is to keep inflation (of prices and of the money supply) at a moderate level. A very high inflation rate is undesirable because it destroys the value of savings and makes it difficult for businesses to do long-range planning. A negative inflation rate (deflation) is considered undesirable because investors stop investing (so that economic growth slows) and bankers lose the ability to control the money supply by adjusting interest rates. (Investors stop investing under deflation because it is prudent to save money; cash money is worth more in the future, not less (as is the case with inflation). And all political leaders want growth.)

A key aspect of a central bank is to regulate the money supply to avoid booms and busts. This is done, as mentioned, through the structure of the money and banking system and the tools of monetary policy. Canadian economist Robert Mundell hypothesized that it is not possible to have all three of the following at the same time: (1) a fixed exchange rate; (2) free capital movement; and (3) an independent monetary policy. (This situation is referred to as the "impossible trinity," the "inconsistent trinity," or the "triangle of impossibility." Mundell also did much work in the theory of optimal currency areas. An optimal currency area is a geographical region in which it maximizes economic efficiency to have the entire region share a single currency. Economic efficiency, of course, is a primary rationale behind globalization – and the resultant destruction of societies and of the biosphere.)

A money-and-banking system can continue indefinitely in a "steady-state" (no growth, stable) economy if the government issues all money, and if something is done to prevent the accumulation of interest (e.g., it accrues only to the government, and the government then spends it or destroys it; or it is paid for by taxes; or if it is periodically forgiven). (The reason why the accumulation of interest cannot be allowed in the long run in a steady-state economy is that interest represents "new" money. (Recall that in making a loan, the bank creates the principal but not the interest. The interest must be created by means of additional loans.) Either it may be charged only by the government and spent by the government, or it cannot be charged (by others) or it must be forgiven (or paid for by taxes), or it must remain as a permanent debt (e.g., the national debt).) If all loans were made by the government, then all interest payments would accrue to the government. All interest would accrue to the government, not to private banks or individuals. It would not be necessary to tax income to pay interest on the national debt – the government's interest income would be quite sufficient to cover this, as well as other budget items. The government could forgive any amount of debt. The government could spend the interest earned on any programs it wished. If properly

managed, there would be no need for any taxes at all – all government expenses could be covered by interest earned.

A key feature of the Federal Reserve System is that private bankers keep the interest on loans, but the taxpayer pays the interest on the national debt (which includes the money created to pay the interest). This is typical of our governmental system, which serves the wealthy – the costs are borne by the public ("socialized"), and the benefits are given to the wealthy ("privatized"). This is done mainly via the income tax. (The income tax and the Federal Reserve were established at the same time, in 1913. The government wants the interest on the debt to be paid by taxes on earned income, not by taxes on interest (unearned income).) It is not practical to tax interest earnings on bonds at a high rate, or else there would be little reason for buying the bonds – that is one reason why capital gain taxes are low. Furthermore, the government cannot tax bonds owned by foreigners.

The government has to pay the interest on the debt that it creates (bonds), but the private bankers get to keep the interest on the loans that they make (using money that the government authorizes them to create). If the government owned the banks and collected all of the interest on loans made using the nation's money, the government would have vastly more financial resources at its disposal. The amount of interest from commercial loans exceeds the income from taxes. If the government owned the banks there would be no need for income taxes. There would be little need for a national debt if the government made all loans and collected all interest from them (since the government would have so much greater financial resources). Fannie Mae and Freddie Mac would never have been privatized and looted, and there would be no mortgage crisis today. Their destruction and the massive losses associated with it were caused by the "privateers" who looted it, and the US government is now forcing the middle class to cover this loss.

The Coming Collapse

The National Debt (Debt-Based Money, Compound Interest, the Income Tax System)

The US money and banking system, based on debt-based money, compound interest and private ownership of banks, is an ingenious system for stimulating perpetuating growth, and for making bankers very wealthy. It leaves the government dependent on income tax revenues. Under "free trade," income from tariffs, which protected the middle class (and were a major source of government revenue conceived by the Founders), is no longer a significant source of income – the major portion of income-tax revenue is taxes on the middle class. Unfortunately, the income tax produces inadequate revenue and is unstable. It fluctuates wildly, depending on the state of the economy. When the economy turns bad, the government is prone to go into debt to fund its operations. This tendency is amplified by reliance on "Keynesian economics," which promotes deficit spending when the economy turns bad. The US financial system, including the tax system, is a complete mess. There is no need for a national debt; it could easily be avoided if the government owned the banks or had an adequate tax system. Just as the US financial system drives individuals and third-world countries into massive debt and bankruptcy, it does the same thing with the US government.

A major problem facing the US today is that the government has let the national debt get out of hand. This happened for a number of reasons: a private banking system; expensive health and welfare programs; wars; subsidies to the wealthy; and a tax system that drives the government into debt and places the US at a substantial trade disadvantage since it is not harmonized with the tax systems used by its major trading partners (the value-added tax)). As long as the

government kept the national debt low, the system could continue, even with high individual debt bankrupting individuals (but not the country). With a system of private banks and an income tax system, under Keynesian economics the government incurs much debt ("deficit spending") when the economy turns bad (as invariably happens in an open, *laissez-faire* free-market economy). Under the income tax system, the government does not have a stable or adequate source of revenue for its operations.

The national-debt problem is that (1) the national debt is high, the government owes the interest on the bonds to private entities, and they have no intention of forgiving the debt; (2) most of the interest on the national debt is paid for by taxes on the labor income (earned income) of the middle class, and the interest on the national debt is growing much faster than the labor-income-tax revenue. (Monetization of budget deficits is not a good solution since it inflates the money supply.) This is the fundamental problem – the government uses income taxes to pay the interest on the national debt, the debt is growing faster than the income tax revenues, and there does not appear to be any way of fixing this – with our current financial system (money and banking system, tax system).

Eventually, with the interest on the national debt growing faster than the tax revenue available to pay it, a point is reached where it is no longer possible for the government to pay the interest on the national debt with income taxes. Adding the interest to the debt is not a long-term solution. If the government monetizes the debt, the point will be reached where inflation reduces the value of US money (both the currency and the bonds) so low that they are of little interest to foreign holders. (Whether the central bank was owned privately or publicly would make no difference in the current crisis – the government would still owe massive interest payments to foreign countries.) At this point the entire system collapses. We are very near that point now. The government is dependent on income taxes and it is already taxing people heavily; the people are deep in debt; the cost of living has increased to high levels; both parents of most families are working; and the debt is to the size where the interest cannot be paid. The size of the population is increasing at breakneck speed (one percent per year), to the point where cultural assimilation is not taking place. The US has lost its manufacturing capacity, and must now buy most of its consumer goods from foreign countries. The country, quite frankly, is bankrupt. It is now beginning to "sell the furniture" – public infrastructure, land and US corporations – to foreign interests.

Keynesian Economics

A common response of the government is to try to "spend" its way out of financial crises, by increasing the money supply and thereby stimulating the economy. This is the basis of "Keynesian economics" (deficit spending by the government when the economy turns bad). It is the reason why the government has encouraged banks and credit-card companies to create massive credit-card debt. It is the reason why the government encouraged granting of mortgages to people without sufficient credit. All of this debt is money. Unfortunately, all of the money is debt. Under compound interest at high rates, many credit-card holders are mired in debt, and can never recover. Many people who could not afford to purchase homes were induced to do so by adjustable-rate mortgages (ARMs) that have little or no interest for several years. They could not quality for a standard mortgage, and when the interest rate of the ARM rises after a few years (an increase in the monthly payment of up to 60 percent), they cannot pay. That is the reason for the current mortgage crisis, in which millions of home mortgages are going into default and the homes lost to foreclosure. The next major crisis may well be a credit-card crisis – people will start defaulting on credit cards *en masse*.

Using deficit spending to stimulate the economy has worked in the past, when the US had a strong manufacturing base. It has destroyed that base, however, so there is nothing left to "stimulate." Injecting money into the system may enable some additional consumer spending, but it is spent on foreign goods, since the US hardly makes any!

Financial Derivatives

In addition to debt-based money, another major problem in today's financial system is the massive amount of financial derivatives. Derivatives are nothing more than bets on the outcome of a future specified event, such as the price of a commodity or bond, or the value of a foreign currency, or whether a firm fails. They are so-called because their price (value) is "derived," or based, on the value of something else (e.g., a commodity or some other financial instrument). The simplest derivatives are bets (options; "puts" and "calls") on the price of a commodity (e.g., cotton, copper, frozen pork bellies, soybean meal) at a future date. Trading in derivatives is considered little more than gambling, because the value of the derivative is not directly tied to a real (existing in the present) tangible asset, such as a share in a company or a bond earning a fixed rate of interest. (Buying and selling stocks and bonds is little more than gambling, too, but people are "used to" it and it is euphemistically called "investing.") It is because they are considered essentially a form of gambling that derivatives are not closely regulated, as are stocks and bonds. Some years ago there was a move to make trading in derivatives illegal, but financiers argued that they were a useful tool in "risk management," and therefore of value to the legitimate economy.

Like many things, derivatives started out as seemingly harmless but useful devices to control risk. The farmer wanted to be assured of a good price for his crop, and so he sold it in advance. He did not own the crop when he sold it, but it was his intention to raise it. The buyer of the crop future was buying nothing more than a good intention, but there was a basis for his confidence. The problem arose that if the farmer could sell something that did not exist, other people could, too. Selling something that you don't own is called a "short sale." Very quickly, the number of short sales in commodities exploded – the total amount of a commodity being sold (e.g., coffee futures) vastly exceeded the annual crop. Very few of the commodities traders – the farmer and the person who wanted his crop – were sincere. All of the others simply had different ideas about what the future value of the crop would be, and wanted to make money on their opinion. All that the gamblers had to do was make sure that their contracts were "closed" by the end of the growing season, so that they did not have to actually deliver or receive the product.

The concept works the same for any firm that does international business. The firm does not wish to incur a loss because of currency fluctuations, and so it sells its products or buys its raw materials (e.g., oil) in advance. This is a perfectly rational way of minimizing risk, allowing it to concentrate on its area of expertise (making its products) without having to worry that an adverse move in foreign currencies could bankrupt it.

Some argue that trading in derivative is so risky, and little more than gambling, that it should not be allowed, or tightly regulated, or taxed. But where do you draw the line? Should only farmers and agribusinesses needing crops be allowed to trade crop futures? Should only exporters and importers be allowed to deal in currency futures? Should only wholesale oil merchants be allowed to deal in oil futures? The argument of some is that commerce is facilitated by an active, liquid market in futures, and that this serves business well. Furthermore, because of the high risk (fortunes may be made or lost in minutes), it was assumed that only the very wealthy

would play the derivatives game, and only they would get hurt. The current financial crisis, which stems mainly from derivatives, shows how very wrong this assumption was.

Since it was not practical to deny some people the ability to trade in options and not others, the government allowed trading in futures to the public. It regulated the commodities exchanges lightly, but allowed purchases of futures contracts to be made with very little margin (e.g., three percent). Since there is a fair volatility in commodities prices many months ahead of delivery, much money can be made – or lost – in a few days, or even hours or minutes, in the commodity futures markets. Whereas a trader in stocks or bonds has to put up most of the money and wait for a long time to see the result of his deal (e.g., several years – the "long term"), the commodities trader can be in an out of the market in a very short time. Futures trading hence became very popular as a legitimate form of gambling.

Once the government allowed the short selling that is fundamental to trading in commodities futures (i.e., selling something you don't own, and that doesn't even exist in the present), it was an easy step to allowing people to trade in anything. The derivatives markets expanded from commodities futures to puts (shorts) and calls (longs) on stocks, and then to contracts on anything, such as the value of a stock-market index. A popular form of derivative is a "credit default swap," which is a bet on the future value of a bond. In order to make money in the derivatives market, it is necessary to determine an appropriate present price for the value of a stochastic process at some time in the future. This is a problem in statistics. The problem may be solved in "closed form" (i.e., with the answer given by a mathematical formula) for simple cases (e.g., the "Black-Scholes" model), but for complex situations it is necessary to use numerical methods to determine the price. The problem involves what is called "stochastic calculus," and the solution of partial differential equations. Since numerical methods are involved, it is not possible to show anyone the "formula" for the price, as may be done, for example, in the present value of an annuity, or a monthly mortgage payment. The field of pricing of derivatives is arcane.

Derivatives are typically risky. They are deliberately so in order to produce a high return (per the Fundamental Theorem of Finance, which declares that higher returns must be associated with higher risks). In fact, the higher the risk, the higher the return. The perfect situation for a seller of derivatives is to insure an event that is catastrophic but has a very low chance of happening. The risk is tremendous, and the derivative seller reaps large premiums in the knowledge that it is very unlikely that he will ever have to cover the loss. This is the very kind of event that today's derivative traders sought, and the very kind of derivatives they sold. For quite a while, the sellers of derivatives were making incredible profits, because the rare events that they insured against never occurred. The problem was, however, that the losses being insured were so large that the sellers could not possibly cover them if they occurred, particularly if many of them occurred at the same time. But they eventually did occur; and at the same time.

In today's derivative market, many derivatives are insurance against catastrophic loss. Derivative sellers have made fortunes by insuring catastrophic events that are considered unlikely to occur. One party pays a small premium to insure against a potential future event that is very unlikely to occur, but if it does, the loss would be massive. A real problem with derivatives stems from the fact that, like life and hazard insurers, the derivative insurers insure vastly more than they possess, so they are bound to go bankrupt if many of their insured losses materialize at the same time (which is what happened in the current financial crisis involving mortgage-backed securities). With life insurance and hazard insurance, there is a sound statistical basis for the insurance. Not everyone is going to die at once, and not all buildings are going to catch fire at once, and the amount of "reserves" needed to cover expected losses in

any given year with an extremely high probability can be determined with a high degree of confidence. Derivatives are not based on underlying natural and independent stochastic processes, however, and it is quite possible for all of the losses to occur at once (as in the case of the current financial crisis, in which a massive number of risky mortgages (to "subprime" borrowers) went bad at the same time because the only way the "subprime" lenders could pay was if the price of housing kept going up, and it failed to do so).

The original concept in allowing derivatives to be legal was that they would be traded mainly to control risk (e.g., buying and selling of commodities futures; hedging against international currency fluctuations) and traded by the rich. The problem that has arisen is that trading in derivatives became very popular, to the point where the potential loss associated with all derivatives is so monumental that if it occurs, the "loser" cannot possibly pay up (i.e., it exceeds the gross domestic product of all countries in the world by many times). If these instruments were in fact traded only by the rich, this would not matter – the losing party would simply be wiped out financially. What has happened, however, is that, lured by the large returns (e.g., 40 percent per annum) all sorts of people and institutions started buying them, including banks and pension plans and individuals. The major dealers in derivatives are "hedge" funds (a derivative is a "hedge" against something), but their instruments have been purchased by the general public. At this point, if the derivative "balloon" were to burst, financial ruin would be faced by all investors, not just the rich.

The current government bailouts of the financial industry are an attempt to prevent this total collapse, which can occur when just a few of the derivative "bets" go bad (because they are so large and interrelated). The government is using taxpayer money to prevent a large number of the insured losses (e.g., credit default swaps) from happening, in an attempt to avoid a total collapse of the derivatives market. The problem is that the derivatives market is extremely large. The total amount of insured risk is vastly more than the global gross domestic product, and so government bailouts can work only if a relatively few of the "big bets" go bad. If many of the losses insured by derivatives go bad, the government cannot possibly cover them all, and the derivative market collapses.

Many derivatives are bets involving very rare events. The loss that is being hedged against has a very low chance of occurrence, but if it does, the loss is very large. The risk is great, and the return is, also. The problem that has arisen is that, in the face of a general decline in the financial markets, many holders of derivatives face debts that they cannot possibly pay. Furthermore, now that so many institutions have invested in derivatives, that if the derivative system is allowed to "go bust," the entire financial world will "go bust" along with it.

The financial event that threatens the derivative system at the present time is the mortgage crisis. Financial houses (e.g., Fannie Mae, Freddie Mac) created "mortgage backed securities" that included a massive number of unqualified ("subprime") home purchasers. Homes were sold to totally unqualified people ("NINJA" loans – no income, no job, no assets), with inadequate checking of applications ("liar loans"). Homes were sold at "teaser" mortgage rates (adjustable-rate mortgages) that charged little or no interest at the beginning (e.g., for the first five years). When, after a few years, the interest charges began, the home purchasers could not pay and they defaulted in such large numbers that the whole market of mortgage-backed securities collapsed. World governments are injecting massive amounts of money into financial institutions in the attempt to avoid a collapse of the derivative "bubble," but the total amount of value involved is now so massive relative to their tax revenues that it is very likely that a catastrophic collapse will not be avoided, and the global financial system will fail.

One large derivative scheme ("hedge fund") – Long Term Capital Management (LTCM) – collapsed some time ago. This happens when the people who sell derivatives "misjudge" the risk (either its level, or the independence of the events involved), in which case their elegant pricing formulas (e.g., Black-Scholes) fail to work. In the particular instance of LTCM, the sellers of the derivatives did not count on Russia's default. The potential loss was many billions of dollars. Out of fear that its collapse would lead to a total collapse of the financial system, the US government moved to bail it out (in this case by getting large banks to cover the loss). Now, because of the granting of mortgages to unqualified people in massive numbers, the two leading mortgage institutions (Fannie Mae and Feddie Mac) have collapsed. Once again, declaring that these organizations are "too big to be allowed to fail," the government is stepping in to bail them out. Since there are inadequate revenues from income taxes to accomplish this, the government has just raised the "ceiling" on the national debt by 200 billion dollars. It appears that the collapse of the US financial system is well under way.

(The story of Fannie Mae and Freddie Mac is incredible. Fannie Mae was once owned by the government, and it was "privatized" – but with the government still backing it up. Freddie Mac was created to generate "competition" for Fannie Mae. The chief executive officers of Fannie Mae and Freddie Mac were paid about twenty million dollars a year. They engaged in risky behavior because of "moral hazard" – they knew that they could not fail, because the government guaranteed their mortgages. And now, after bankrupting the US mortgage organization, these individuals walk away scot-free, happy multimillionaires courtesy of the US government, paid for by the US taxpayer. In China, they would be summarily executed. As usual, the government gives the benefits to the wealthy, and sticks the middle class with the costs. The US government serves the wealthy; it no longer serves the people.)

Here follows an excerpt from Ellen Hodgson Brown's article, "It's the Derivatives, Stupid!", posted at her website at http://www.webofdebt.com/articles/its_the_derivatives.php .

The Anatomy of a Bubble

Until recently, most people had never even heard of derivatives; but in terms of money traded, these investments represent the biggest financial market in the world. Derivatives are financial instruments that have no intrinsic value but derive their value from something else. Basically, they are just bets. You can "hedge your bet" that something you own will go up by placing a side bet that it will go down. "Hedge funds" hedge bets in the derivatives market. Bets can be placed on anything, from the price of tea in China to the movements of specific markets.

"The point everyone misses," wrote economist Robert Chapman a decade ago, "is that buying derivatives is not investing. It is gambling, insurance and high stakes bookmaking. Derivatives create nothing." They not only create nothing, but they serve to enrich non-producers at the expense of the people who do create real goods and services. In congressional hearings in the early 1990s, derivatives trading was challenged as being an illegal form of gambling. But the practice was legitimized by Fed Chairman Alan Greenspan, who not only lent legal and regulatory support to the trade but actively promoted derivatives as a way to improve "risk management." Partly, this was to boost the flagging profits of the banks; and at the larger banks and dealers, it worked. But the cost was an increase in risk to the financial system as a whole.

Since then, derivative trades have grown exponentially, until now they are larger than the entire global economy. The Bank for International Settlements recently reported that total derivatives trades exceeded one quadrillion dollars – that's 1,000 trillion dollars. How is that figure even possible? The gross domestic product of all the countries in the world is only about 60 trillion

dollars. The answer is that gamblers can bet as much as they want. They can bet money they don't have, and that is where the huge increase in risk comes in.

Credit default swaps (CDS) are the most widely traded form of credit derivative. CDS are bets between two parties on whether or not a company will default on its bonds. In a typical default swap, the "protection buyer" gets a large payoff from the "protection seller" if the company defaults within a certain period of time, while the "protection seller" collects periodic payments from the "protection buyer" for assuming the risk of default. CDS thus resemble insurance policies, but there is no requirement to actually hold any asset or suffer any loss, so CDS are widely used just to increase profits by gambling on market changes. In one blogger's example, a hedge fund could sit back and collect $320,000 a year in premiums just for selling "protection" on a risky BBB junk bond. The premiums are "free" money – free until the bond actually goes into default, when the hedge fund could be on the hook for $100 million in claims.

And there's the catch: what if the hedge fund doesn't have the $100 million? The fund's corporate shell or limited partnership is put into bankruptcy; but both parties are claiming the derivative as an asset on their books, which they now have to write down. Players who have "hedged their bets" by betting both ways cannot collect on their winning bets; and that means they cannot afford to pay their losing bets, causing other players to also default on their bets.

The dominos go down in a cascade of cross-defaults that infects the whole banking industry and jeopardizes the global pyramid scheme. The potential for this sort of nuclear reaction was what prompted billionaire investor Warren Buffett to call derivatives "weapons of financial mass destruction." It is also why the banking system cannot let a major derivatives player go down, and it is the banking system that calls the shots. The Federal Reserve is literally owned by a conglomerate of banks; and Hank Paulson, who heads the U.S. Treasury, entered that position through the revolving door of investment bank Goldman Sachs, where he was formerly CEO.

The Best Game in Town

In an article on FinancialSense.com on September 9, Daniel Amerman maintains that the government's takeover of Fannie Mae and Freddie Mac was not actually a bailout of the mortgage giants. It was a bailout of the financial derivatives industry, which was faced with a $1.4 trillion "event of default" that could have bankrupted Wall Street and much of the rest of the financial world. To explain the enormous risk involved, Amerman posits a scenario in which the mortgage giants are not bailed out by the government. When they default on the $5 trillion in bonds and mortgage-backed securities they own or guarantee, settlements are immediately triggered on $1.4 trillion in credit default swaps entered into by major financial firms, which have promised to make good on Fannie/Freddie defaulted bonds in return for very lucrative fee income and multi-million dollar bonuses. The value of the vulnerable bonds plummets by 70%, causing $1 trillion (70% of $1.4 trillion) to be due to the "protection buyers." This is more money, however, than the already-strapped financial institutions have to spare. The CDS sellers are highly leveraged themselves, which means they depend on huge day-to-day lines of credit just to stay afloat. When their creditors see the trillion dollar hit coming, they pull their financing, leaving the strapped institutions with massive portfolios of illiquid assets. The dreaded cascade of cross-defaults begins, until nearly every major investment bank and commercial bank is unable to meet its obligations. This triggers another massive round of CDS events, going to $10 trillion, then $20 trillion. The financial centers become insolvent, the markets have to be shut down, and when they open months later, the stock market has been crushed. The federal government and the financiers pulling its strings naturally feel compelled

to step in to prevent such a disaster, even though this rewards the profligate speculators at the expense of the Fannie/Freddie shareholders who will get wiped out. Amerman concludes:

> "[I]t's the best game in town. Take a huge amount of risk, be paid exceedingly well for it and if you screw up -- you have absolute proof that the government will come in and bail you out at the expense of the rest of the population (who did not share in your profits in the first place)."

Desperate Measures for Desperate Times

It was the best game in town until September 14, when Treasury Secretary Paulson, Fed Chairman Ben Bernanke, and New York Fed Head Tim Geithner closed the bailout window to Lehman Brothers, a 158-year-old Wall Street investment firm and major derivatives player. Why? "There is no political will for a federal bailout," said Geithner. Bailing out Fannie and Freddie had created a furor of protest, and the taxpayers could not afford to underwrite the whole quadrillion dollar derivatives bubble. The line had to be drawn somewhere, and this was apparently it.

Or was the Fed just saving its ammunition for AIG? Recent downgrades in AIG's ratings meant that the counterparties to its massive derivatives contracts could force it to come up with $10.5 billion in additional capital reserves immediately or file for bankruptcy. Treasury Secretary Paulson resisted advancing taxpayer money; but on Monday, September 15, stock trading was ugly, with the S & P 500 registering the largest one-day percent drop since September 11, 2001. Alan Kohler wrote in the Australian Business Spectator:

> "[I]t's unlikely to be a slow-motion train wreck this time. With Lehman in liquidation, and Washington Mutual and AIG on the brink, the credit market would likely shut down entirely and interbank lending would cease."

Kohler quoted the September 14 newsletter of Professor Nouriel Roubini, who has a popular website called Global EconoMonitor. Roubini warned:

> "What we are facing now is the beginning of the unravelling and collapse of the entire shadow financial system, a system of institutions (broker dealers, hedge funds, private equity funds, SIVs, conduits, etc.) that look like banks (as they borrow short, are highly leveraged and lend and invest long and in illiquid ways) and thus are highly vulnerable to bank-like runs; but unlike banks they are not properly regulated and supervised, they don't have access to deposit insurance and don't have access to the lender of last resort support of the central bank."

The risk posed to the system was evidently too great. On September 16, while Barclay's Bank was offering to buy the banking divisions of Lehman Brothers, the Federal Reserve agreed to bail out AIG in return for 80% of its stock. Why the Federal Reserve instead of the U.S. Treasury? Perhaps because the Treasury would take too much heat for putting yet more taxpayer money on the line. The Federal Reserve could do it quietly through its "Open Market Operations," the ruse by which it "monetizes" government debt, turning Treasury bills (government I.O.U.s) into dollars. The taxpayers would still have to pick up the tab, but the Federal Reserve would not have to get approval from Congress first.

[End of Brown excerpt.]

Why Derivative Markets Collapse

The fact that massive failures are occurring in the derivatives market is not a surprise. I know a fair amount about derivatives. In my PhD program in mathematical statistics, I studied stochastic processes, which is the mathematical foundation for the pricing of derivatives. I also have much experience in numerical methods (computer solutions to problems for which there is no closed-form analytic solution). The References includes a selection of books on derivatives (and related topics) from my personal library. (Although the field of derivatives pays well – a half-million dollars a year is a typical salary for a derivatives analyst – it is not very interesting. It is like actuarial science (used to determine premiums for life insurance and pension plans) – it pays well because a lot of money is riding on the outcome. It is complicated and complex, but not of great interest to me, so I never got into it in my career.) One of the necessary bits of knowledge required to value (set a price on) a derivative is the underlying variability ("volatility") of the random processes from which the derivative's outcome will be determined. This volatility is estimated by means of "time series analysis." Early in my professional career, I developed and marketed the first commercially available general-purpose "Box-Jenkins" time-series analysis computer program (about 1970 – Morgan Guaranty Trust Company was my first customer). Another way of estimating volatility is to infer it from current pricing of derivatives. The way that a derivative is priced is to develop a mathematical model of the stochastic processes involved, and to set the price so that a desired expected return is obtained. The problem is that the mathematical model never corresponds exactly to reality. The mathematical model corresponds to special situations such as "stationarity" or "homogeneity." It is generally based on simplifying assumptions, such as "stochastic independence" of various events and short-term prices behaving as a "random walk." Mathematical (statistical) models are constructed by analyzing historical data. If the future were to continue in the same fashion as the past (e.g., no collapse of Russia, no collapse of the mortgage market), the risk of loss would be extremely low. But that is not the way things are. Shit happens.

The major problem with derivatives is that, although there may be millions of contracts involved (e.g., when a very large mortgage-backed security is "sliced and diced" into many small contracts), they are not statistically independent. The outcome for all or many of them can be the same at the same time. This is what happened in the case of the mortgage meltdown. The derivatives buyers and sellers did not gamble on the failure of an entire sector, which was caused when the government and the major mortgage houses (Fannie Mae, Freddie Mac) allowed unqualified people to purchase houses on a grand scale. The catastrophic collapse of the mortgage-based derivatives market might appear to correspond, in the life insurance business, to everyone's dying at age 35, or if in the fire insurance business to all buildings burning down at once. Whereas people's deaths and fires may be to a large degree independent, housing mortgage defaults certainly are not, since half of the mortgages sold recently were sold to "subprime" borrowers, who could only avoid default if the price of housing continued to rise. If it did not, many of them would default at the same time. While credit default swaps may be a form of insurance, the independence assumptions that apply to traditional insurance types (life, accident, health, hazard) do not apply. A derivative "collapse" can occur as easily as a "run" on a bank. While a central bank can provide reasonable insurance against losses from bank runs, there is no "central bank" large enough to insure against a collapse of the derivatives market.

The fact that was obvious to many people that a housing-market "bubble" was being created by the lax lending policies, and that the likelihood of a massive default (many lenders defaulting at the same time) was virtually inevitable. Many people wrote articles and books warning of the problem. The only way that the "subprime" lenders could possibly pay was for the price of

housing to continue to rise – a rather absurd assumption. As soon as it failed to do so, massive numbers of lenders could not pay their mortgages, and the entire mortgage-based security / derivatives market was in deep trouble. Just as in the case of Katrina and 9/11, however, our government chose not to listen to these warnings. As Colin Campbell observed, it is easier for politicians to deal with current crises than with future ones.

The Sellers of Derivatives Knew That They Would Fail … and That Taxes from the Middle Class Would Cover Their Losses

Although derivatives are simple in concept, they are extremely complicated in practice. The buyers and sellers of derivatives know this. The people who price derivatives know all about the idealized mathematical models that they use to represent the real world, and they know full well that they are but approximations and that unanticipated catastrophic losses would someday occur. What is truly amazing, however, is that we have already seen several derivative meltdowns (e.g., Long-Term Capital Management, Barings Bank, Orange County) and the government has done absolutely nothing about it. Why? Because the government and the wealthy have no problem with financial catastrophes. When the Great Depression occurred, the wealthy bought up most of the farms in America. Every time there is an economic recession, there is a massive transfer of wealth from the middle class to the wealthy. The wealthy were "rubbing their hands" together when they saw the derivatives infecting the pension plans and investment portfolios of the middle class like a cancer. Derivative bubbles *always* burst, and when they do, the wealthy scoops up the shattered dreams of the middle class. If it were not so, the US government would have put an end to the derivatives market (e.g., by a small tax on derivatives) after the first major collapse occurred (e.g., LTCM).

The sellers of derivatives knew that one day their models would fail, and the government knew this, too. Even if they foolishly believed that reality followed their models, they had seen the collapse of Barings Bank, Orange County and LTCM. They *knew* from history that derivative bubbles collapse. They took no steps to control the derivatives market, when the amount of money required to pay off the derivatives exceeded all the wealth in the world. The merchants of derivatives and the government knew full well that this scheme would collapse again, as it had in the past. They did nothing to avoid it, because they knew that their policy was, as demonstrated in the collapse of LTCM, to put up taxpayer money (which is mainly from the middle class) to cover the losses of the wealthy, if necessary. Also, unlike the middle class, the wealthy do their investing through corporations, insulating themselves from loss. When large losses occur, they may simply declare their corporations bankrupt and keep their wealth intact.

Up to now, they have "managed" to deal with the fact that the total amount of derivatives now exceeds all of the non-derivative-based wealth in the world by many times, simply by allowing the writing of ever more derivatives, bailing out failed firms (using taxpayer money) so that the derivative seller does not have to, and keeping moribund banks and investment houses intact with "toxic debt" remaining on their books. In the long run, this approach will not work. The dike is about to burst. The Titanic is about to sink. As it does, all of the middle class's wealth will be handed over to the wealthy. Even this will not prevent the collapse of the debt-based money, derivative-infected system, however, (since the amount of value involved is too large) and in the end the entire global financial system will come crashing down. At that point, the country and the world will be ready for change.

The wealthy Robber Barons who run the banks and financial houses have milked their firms dry. They have taken millions and billions in salaries for a con-game derivative scheme that they knew would collapse. They knew that their models were but a crude approximation of reality,

yet they dishonestly told people that the expected time to a loss was greater than the lifetime of the universe. They knew that the amount of money owed in the event of a large-scale failure was vastly greater than their assets, but they sold more and more and more of their toxic wares. Even when their scam was exposed, as in the case of LTCM, they continue to ply their trade, with the blessing of the evil government that supports their con game, covers their ill-gotten incomes with taxpayer money, allows them to use corporations to avoid personal loss, and makes no attempt to recover this stolen wealth. Quite simply, the sellers of derivatives, with the collusion of the government, operated a gambling scam that *had to* collapse, in the knowledge that the government would use taxpayer money to cover their losses and allow them to keep their acquired wealth. The millions and billions that they now hold – with the blessing of the government – were in fact made possible by the current bailout funds.

It is not just the failed firms (banks, investment houses) that have cheated the US taxpayer, but all of the derivatives firms, even those still in operation. Their schemes will someday collapse. Their losses will be covered by the taxpayers (through government bailouts using taxpayer money). They are making vast sums simply by taking money (with government's blessing and collusion) from future taxpayers. The scheme must fail, and they are cheating the American public. Sellers of derivatives are con-men who destroy entire societies, and they, and the government leaders who allow their vile practice, should be put to book. Life and hazard insurance contracts based on sound statistics, and perhaps even commodity and currency futures among legitimate traders can be justified. A derivatives market based on *any* underlying process, allowing *any amount of short selling* of future assets or events, has a place only in a casino, not in public finance. It is recognized that the insurance business is inherently risky, but it is accepted that it has a useful place in modern finance. There is no need to require an insurance company to have 100 percent reserves on all of its life insurance or fire insurance policies, since the odds of everyone dying at once or all buildings burning at once are low – mortality tables and hazard tables are well established for these events (and wars and "acts of God" are excluded). Similarly there is no need to allow 100 percent reserves for gold-based currency, or for commodities futures contracts, since the odds of a run or total market collapse are low, and the systems can be managed. But to allow massive trading in derivatives based on mortgage-backed securities for which half the mortgages are being given to unqualified buyers is sheer folly. It is criminal. It had to fail. Our government knew this. The traders of derivatives knew this. The banks and pension plans that bought those derivatives knew this. They should be taken to task.

As long as the government and the wealthy elite have any chance of propping up the present system, they will continue to do so. They *do not want* to move to a system that serves the people, such as a national banking system (as conceived by the Founding Fathers). They *want* a system that suffers from periodic recessions, depressions, and collapses, since that allows a massive and immediate transfer of wealth from the middle class to the wealthy. When the government leaders are wringing their hands and weeping over the current financial crisis, they are crying "crocodile tears." Their wealthy masters *want* a system that collapses periodically. They *want* a system that requires periodic bailouts (which are simply transfers of taxpayer money to the wealthy – it is not the middle class that is being bailed out by the wealthy, but the wealthy who are being bailed out by the middle class). They do not want a system that works for the people. The wealthy do not want a national banking system in which all interest goes to the government and the middle class pay no taxes. They want a system in which all interest goes to them and all of their failures are covered by income taxes, which are paid mainly by the middle class. It is no coincidence that the privately-owned central bank (the "Federal" Reserve Bank) and the income tax were set up at the same time (1913).

When I was a young man, my father-in-law cautioned me never to buy bank stock. At that time, the owners of bank stock were not indemnified from loss in the event of a bank failure. The value of their stock could fall to zero and they would be further liable for all of the bank's losses. This is not true today. Because of incorporation, the owners of a failed bank have little to lose. Their depositors are insured, and their own deposits are insured by the federal government. They make much of their money from "up front" payments ("points") that are made at the beginning of a deal (e.g., a shopping center development), not from bonuses paid at the end of a successful project. In the recent Congressional hearings in which bank and investment officers were asked to testify about the recent collapse of the financial markets, the CEOs admitted to earning millions of dollars in salary and bonuses. When their banks and institutions fail, they get to keep all of this money. This is a complete outrage. Whenever a bank or investment house fails, all of the wealth of the previous owners should be confiscated. A return to the old policy of holding owners of bank stock responsible for the bank's losses would be also be appropriate.

During the course of a Congressional investigation of hedge-fund managers, whose annual income averaged several billion dollars per year, one congressman commented on their incredibly large salaries, but quickly added, "Now, we're not knocking you for this." Of course not. The primary goal and function of today's US government is to provide the political / economic system that funnels most of society's wealth to the wealthy elite, and enable hedge-fund managers to make billions of dollars per year. The congressional enquirer *should have been* knocking them for this. The derivatives market is beginning to crumble, and will soon collapse, and the middle-class US taxpayer will be forced to cover the losses. The hedge-fund managers current salaries will end up being paid for by the US taxpayer. Through their exotic derivative schemes, they have in effect stolen their salaries from the US middle class – not just the taxes, but the collapsed pension plans and ruined personal investments that their venal schemes caused. They should be stripped of their ill-gotten gains and "run out of town on a rail."

From time to time in Congressional hearings, members of the investigative panel appear to chastise the witnesses for their stupidity or venal ways. It did this recently, for example, in the hearings involving the failure of the financial community (the banks) and the automotive industry. This is a complete sham. The financiers are doing exactly what the controlling wealthy elite want them to do. Make as much money as you can, take on as much risk as you want, and if you fail, the wealthy will take over the lost properties and have the government use middle-class taxpayer funds to cover losses. This scheme is repeated over and over again. The wealthy do not care if the government looks stupid, since the government is nothing but a puppet doing its bidding. It does not care even if one of its own is disgraced, since its primary loyalty is to class and the system that funnels wealth to it, not to any particular national or ethnic group. If a politician such as Illinois Governor Rod Blagojevitch is disgraced, that is of no concern. If a financier such as Ponzi-schemer Bernard Madoff is disgraced, they could care less. The entire corrupt political-economic system is an immoral rip-off of the middle class. They don't need Ponzi schemes to acquire massive wealth, when the system provides it to them.

There are two main reasons why banks have created and purchased derivatives. One is greed – the promise of a much higher return than is possible from normal banking operations (because of the higher level of risk). The other is "moral hazard" – the knowledge that if they fail, most of their depositors' deposits are insured by the US government (the Federal Deposit Insurance Corporation) and that their bank, which is incorporated, may declare bankruptcy and

they can “walk away” from the scene, retaining their millions and billions of dollars of ill-gotten gains.

Other Factors

There are other aspects to the financial crisis in addition to the ones that I have focused on here (debt-based money and derivatives). For example, since the US central bank (the Federal Reserve) is privately owned by a consortium of private banks, any assets that it may acquire by using “bailout” funds are paid for by the US taxpayer but owned by those banks. These and other aspects of the current financial crisis are discussed at length by Ellen Hodgson Brown in her book The Web of Debt and on her websites. The Web of Debt website has IP address http://webofdebt.wordpress.com/ . For an understanding of the current financial crisis, several “must-read” articles (posted at this website) are:

- Putting the “Federal” Back in the Federal Reserve (July 19, 2008)
- Fannie and Feddie: Giving Away the Farm (August 15, 2008)
- Wag the Dog: How to Conceal Massive Economic Collapse (August 15, 2008)
- Take a Load Off Fannie: Bailout or Nationalization for the Mortgage Giants (September 6, 2008)
- It’s the Derivatives, Stupid! Why Fannie, Freddie and AIG All Had to Be Bailed Out (September 19, 2008)
- The Fed Now Owns the World’s Largest Insurance Company – But Who Owns the Fed? (October 9, 2008)
- The Collapse of a 300 Year Ponzi Scheme: The Real Debate Is Crony Socialism or Financial Sovereignty (October 18, 2008)
- The Not-So-Invisible Hand: How the Plunge Protection Team Killed Capitalism (October 26, 2008).

The stock market crash of 1929 was caused by out-of-control debt, which eventually collapsed. Today, both the national debt and individual debt are high. Banks and other financial organizations hold massive derivative debt. The system is a very tall “house of cards,” and is very vulnerable to collapse.

Apart from general discussion of the US money and banking system, much of the preceding discussion has centered on the issue of the size of the national debt (and on derivatives). The national debt is very important, but it is just one aspect of our financial system. As mentioned earlier, the discussion here centers on the financial system, since a collapse of the financial system was selected as a possible motivation for the US people to seek fundamental change. Other important aspects (indicators of financial health) are the size of the external debt (the portion of the national debt owed to foreign entities); the magnitude of individual (private) debt; the distribution of income and wealth; budget deficits; trade deficits; rates of inflation (domestic and relative to foreign currencies); and foreign ownership of US land, infrastructure and other assets (e.g., stock in corporations). The issue of individual debt (and compound interest) has been discussed at length earlier, and will not be discussed further here. The issue of distribution of wealth has also been discussed (viz., the features of our economic system (free trade, globalization, subsidies for the rich, the health care system) that are shifting income and wealth from the middle class to the wealthy). Everyone is aware of the dramatic fall of the US dollar against the euro (from about $0.80 a few years ago to about $1.50 at the present time (about $2.00 for tourists). The US dollar has decreased in value relative to other currencies mainly because the US is importing far more than it is exporting, i.e., it has a massive trade

deficit. The trade deficit is very large for several reasons: the US has exported much of its manufacturing capacity (it is no longer self-sufficient); the US tax system is not harmonized with the tax systems of other nations; free trade (which prevents the US from imposing tariffs to adjust for low labor rates in foreign countries). States are selling their public infrastructure to private (and foreign) interests. Foreigners are purchasing much stock in US corporations and much US land. By all of these indicators of financial health, the US economy is very ill. It is, in fact, in a terminal state.

Free trade didn't just destroy the quality of life for the US middle class – it brought the country to economic ruin. When US manufacturing firms could not compete, without protective tariffs, against labor costs on the order of a dollar a day, they had little choice but to move their operations overseas, or pay US workers a dollar a day, or go out of business. They moved. This process has been going on for fifty years. At this point, the US has destroyed its manufacturing capacity. It is no longer self-sufficient. It now buys most of its consumer goods from foreign countries, such as China. We now have a massive trade deficit because we make so little of what we use. This was all caused by massive international free trade – globalization. When the US political leaders and economists proclaimed that free trade was "more efficient" and would make things better for everyone ("a rising tide lifts all boats"), they lied. They have destroyed the United States of America. They have not defended the country and they have not promoted the general welfare. They have betrayed the Constitution. They have committed treason. How and why the destruction of America happened is no mystery. It is a simple "case study" in economics. What happened served the wealthy elite, at the cost of the middle class. Why do the US people just lie back and take this? Some time ago, the US government and political leaders abandoned the purpose and goal of the Founders to serve the people. The US government now serves the wealthy elite. Why do the American people not take their leaders, who have deceived them, corrupted their system of government, and destroyed their quality of life, to task? Why do they not bring down the corrupt system that has brought the country to economic and social ruin, and replace it with one that benefits the people, as it once had? The concept of the Founders (a government "of, by and for the people") as embodied in the Constitution and the new Republic served the country well for many years. What the government devolved to does not serve the people, and it has brought about the country's demise.

A Financial Collapse Is Imminent

It appears that a total collapse of the US money and banking system is just around the corner. Because of the large size of the US in the world economy and the strong interdependency of global financial markets, a collapse of the US money and banking system will cause the collapse of not just the US financial system, but the entire global financial system.

Although it is government policy that has caused the current global financial crisis (free trade, debt-based money, interest, derivatives), the government will not take steps to institute the changes necessary to solve it. The problem is that the system is set up for periodic financial crises to happen, and for the losses of the wealthy to be covered by income taxes from the middle classes, and the wealthy elite who control the government do not want to change this. They do not want to nationalize banks – they want all of the interest charged in society to go to private bankers, not to the people. They do not want a system that works for the people. They would rather see the entire global system collapse than have a system that had no financial sector and served the people. This is why not a single politician (of the three finalists) in the recent US presidential election proposed a fundamental change to our financial system, such as

nationalizing the banks (or even the country's central bank, the Federal Reserve), or elimination of the income tax, or the end of free trade.

The Wealthy Will Make Heroic Efforts to Save the Current System, and Will Not Consider Change Until It Collapses

Einstein once remarked that the kind of thinking that got you into a problem was unlikely to get you out of it. Economists created the monstrous system that is destroying the planet and our society, and they are unlikely to get us out of it. Of all the economists of whom I am familiar, only two – Nicholas Georgescu-Roegen and Herman Daly – have called out for a steady-state economic system. All economists are committed to growth, and the system of debt-based money and interest is superbly tailored to accomplishing this – and destroying the planet's environment and the future of human society at the same time. Now that Barack Obama has been elected president, he is surrounding himself with the same people who created, nurtured and condoned the corrupt economic system that is destroying our society and the planet's environment. These people will urge him to continue to use taxes from the middle class to cover the losses of the wealthy elite. Originally, George Bush promoted the giving of $750 billion in taxes (mainly from the middle class) to the wealthy elite to cover their losses, and Obama has just announced (November 2008) his intention to propose the giving of another $600 billion to them. This will not change the corrupt system; it will simply keep it alive a little longer to suck the life-blood entirely from the middle class. The wealthy will work feverishly to keep the present corrupt financial / political system alive, because it serves them well, and because they do not want to move to any system that reduces the flow of wealth to their coffers. There will be no proposals from the wealthy or from the government to effect change to the present system. The only way that meaningful change will occur is after the current system collapses.

It is not necessary to give one penny to the banks and financial institutions. They serve no useful purpose but to make money for themselves. Our society has no need for a private financial sector – it serves only the wealthy. We should not be giving one dollar of taxpayer money to the financial sector. If our government wishes to "free up" credit for our economy, it could do it within a week by issuing US Notes, and eliminating the Federal Reserve and debt-based money. Will it even consider such a thing? Of course not, since that would serve the people, not the wealthy.

Some people assert that it is necessary to "save the system" at all cost. This is incorrect and wrong. The system is the problem. The system must not be saved. The system must go. Propping it up is throwing money down a rat hole.

Under the present system of debt-based money and interest, inflation has to occur. Many decades ago, it was kept to a low level (e.g., under three percent per year), so that it was not greatly noticed and did not affect people very much over their lifetimes. How things have changed! My wife is on a short trip to Tucson to visit family, and I have been doing the shopping, for the first time in years. I can remember prices from when I was young, and they are radically different from now. Loaves of bread cost 9 cents (a short loaf) or 11 cents (a long loaf); a loaf of bread is over a dollar now. A box of Morton salt cost 9 cents, a box of sodium bicarbonate less than that – both are over a dollar now. Kiwi shoe polish cost 19 cents a can then, and Esquire (the leading brand at the time) cost 15 cents. I paid $3.49 for a can of Kiwi yesterday. A can of Campbell soup cost ten cents then. Prices range from 99 cents to three cans for $5 now. As bad as this is, "you ain't seen nothing yet." With the trillion-dollar bailouts, we are in for a massive wave of inflation. This does not bother the government very much. It

wipes out old people on fixed incomes. The most important consideration for the government is that the tools of monetary policy work best when there is a fair amount of inflation. If inflation is too low, the device of lowering the bank interest (discount) rate has little effect on the economy. This happened in Japan a few years ago. The Bank of Japan lowered the discount rate to zero, and it had no effect on stimulating the economy. The US has just about entered that realm – the discount rate is now so low that recent and further cuts will have no effect in stimulating the economy.

The three major US automakers are failing, and have appealed to the government for some of the bailout funds. Congress is reluctant to give them any of the bailout money, because the finance sector wants it all for itself. (The financial sector produces nothing. It is very jealous that any assistance be given to a sector that actually produces something, such as cars.) Some people claim that the automakers should not be saved, since they have known for years that this time of expensive oil would come, and their large SUVs and pickup trucks would fail to sell well. The automakers claimed that they could not make small cars at a profit. That is probably true. Under US government policy, the game is heavily stacked against them. The VAT is against them. The low labor costs of foreign automakers is against them. The high cost of employee health care plans and interest on loans is against them (cf. countries like China). The loss of our steel industry to overseas manufacturers is against them. The only thing that will save the US automakers is tariffs that equalize the effects of these items. But all our government leaders can babble is that they are in favor of "free trade." America thrived when tariffs were high, and it protected its industries and middle class wages. Under "free trade," it has destroyed its manufacturing capacity and the high incomes of the middle class. This approach serves the planet's wealthy elite well, but it has caused a serious decline in the quality of life for the US middle class and a massive foreign trade deficit.

Recently you hear the assertion that the finance industry should be bailed out because it is a "utility" that serves the entire public, whereas the automakers should not be bailed out because they represent a specific private-sector enterprise. This is really dumb. The government (and the wealthy elite who control international finance, such as the IMF) has been really big on privatizing utilities, for quite some time. It did the same thing with Fannie Mae. The infuriating thing is that the government allows these institutions, while "privatized," to reap fabulous wealth while they are running them into to ground, and then uses taxpayer money to cover their losses when their scam collapses. As I mentioned, these organizations are simply stealing from the future. They are socializing the costs and privatizing the benefits. The fabulous incomes that they earn are paid for by the taxes from the middle class, after they go bankrupt. How is it that no one sees this? The heads of these organizations, the bankers who finance them, and the government leaders who approve and regulate their immoral activities should be taken to task. They should be stripped of their ill-gotten gains and banished.

In all of the public discussions about the troubles of the US automakers, there has been no discussion of the one thing that will save them – trade restrictions (tariffs and quotas). If no foreign-made automobiles were allowed into the country, or if tariffs were imposed to offset the lower wages of foreign-made automobiles, our automobile industry could produce millions of cars and pay its workers high wages. America prospered when it protected its industries and people. Under free trade, it has destroyed its manufacturing base and the high wages of its workers. Why is there never any discussion of tariffs and quotas? Because the US government is totally under the control of the global wealthy elite, who make more money under free trade. The US government does not have to spend one cent to "rescue" the automakers. All that is needed to make them healthy is tariffs or quotas. All of the billions that the government is

planning to spend on “bailing them out” is simply to rip the middle-class taxpayer off and transfer his tax funds to the wealthy.

The US money and banking system is about to fail. When it does, the country will collapse. There will be great “knashing of teeth.” At that point, the citizens of the country will come to know, understand and believe the reason why it happened, and they will welcome fundamental change. At the present time, all power is concentrated in the hands of the corporatists. Governments are their slaves, their thralls, not their masters. Government and business are not even co-partners, as in fascism – business is in complete control. The people are not served by the government, as the Founders intended and arranged. When the present system fails, the people will call for a leader who will change this, and reestablish a government for the people. By Hume’s Paradox, they will accomplish their goal: they will throw out the present leaders and the present system. The next leader will be the king of the world. His authority will derive from the people, and from religion.

All of the nation’s financial woes were caused by its own policies and actions, motivated primarily by greed. The next section will describe some changes to our financial system that would avoid these problems. Financial problems are just one area in which the US system (society) is inadequate. In addition to recommending steps to improve the financial system, the discussion that follows will address a full range of recommendations for a viable economic-based society. The current financial system is just one of the factors that have led to the decline of the United States as a nation and culture, and reduced the quality of life for the middle class.

(I might point out that public finance is a particular area of interest of mine. During my career, I directed a number of public finance studies (e.g., development of matching and allocation formulas for public programs such as Medicaid and Vocational Rehabilitation; tax policy studies; cost-benefit studies; development of the MICROSIM microsimulation model for forecasting caseloads and budgets for the US Department of Health and Human Services Office of Human Development Services). Following passage of the Tax Reform Act of 1986 I wrote a book on US tax reform, focusing on the value-added tax (VAT, TVA, IVA) (posted on the Internet at http://www.foundationwebsite.org/VAT.htm). I have considerable experience in banking, including consulting for commercial banks and a central bank.)

A Program for America’s Survival

The paragraphs that follow present a summary of recommendations for change that would enable the US to survive for a while longer, following a collapse of its financial system. These recommendations represent simply one possible alternative to our present system. The selection of a particular solution for our society should be based on sound principles of systems engineering (similar to the “tax engineering” process that I described in my book on tax reform – specification of goals, specification of alternatives, specification of selection (performance) criteria, comparison of alternatives relative to the criteria, selection of a preferred alternative, top-level design, detailed design, implementation and test).

The US governmental system is a primary cause of our financial and social problems (the root cause is a decline in culture). The system was never very good, and it was simply a matter of time until it collapsed. It was designed “like Topsy” as the nation developed. It is not the product of competent systems engineering, but of “on the fly” design in a social contest between the rich and the middle class.

The government has evolved into a massively overgrown organism. It is not only poorly organized for survival, but grossly oversized and complicated. The first step is to reduce the number of government organizations (departments, agencies, commissions, etc.) to a much smaller number. The discussion that follows will assume the following governmental structure, consisting of five departments (ministries): Defense; Population and Environment; Industry and Infrastructure; Education and Culture; and Finance. The following paragraphs describe each of these major departments. The goal here is to make a minimal number of changes to the current system. Time (oil) is running out for America, and there is not sufficient time to implement a thorough redesign. The goal here is to take the basic system (democratic, free-enterprise, libertarian) and modify it minimally to get us through the next few years. Beyond this time frame, an entirely different system will be required (a long-term-sustainable system of planetary management, such as a synarchic government of a minimal-regret population).

America will continue as a nation of laws. For all of the recommendations made below, laws will be enacted to make them legal. You may view that some or all of the recommendations made below are "radical." They are. They are suggestions for what to do if the current system collapses. The recommendations are, in fact, radical departures from the current system. If the current system does not crash, then the below recommendations may be "safely" ignored.

The following is simply a "sketch" of a possible replacement system to our current system, when it fails. For more details on another alternative, see http://www.foundationwebsite.org/Platform.htm or http://www.foundation.bw/Platform.htm . See also http://www.foundationwebsite.org/PositionStatement.htm or http://www.foundation.bw/PositionStatement.htm .

Department (Ministry) of Defense

The new Department of Defense would include all functions required for the internal and external security of the nation. It would subsume the activities now conducted by the current Department of Defense, the Department of State, the Department of Homeland Security, Justice, and various related agencies such as the National Security Agency (NSA), the Central Intelligence Agency (CIA) and the Federal Bureau of Investigation (FBI).

All violence against women is wrong, but only if women do not serve in combat.

The Department of Defense includes responsibility not only for military operations, but for local policing as well. The death penalty will be abolished (except in military cases, or treason). Prison terms shall not exceed one year. Persons deserving of punishment exceeding one year in prison or the death penalty shall be exiled to Mexico. (This is a reciprocal action for President Felipe Calderón's proclamation that "Where a Mexican is, there is Mexico.") All prisoners currently serving terms of more than one year shall be immediately released or exiled to Mexico. Prisoners seeking to avoid exile may elect (subject to approval) to serve one year in a prison camp on US soil. If they behave, they will be released; if not, they will be exiled. Shaming punishments such as stocks, pillories and caning shall be used. While in jail (prison is not the appropriate word here), inmates will be required to study or work, and they will be actively re-educated. "Victimless" crimes (e.g., unusual sex between consenting adults; use of psychotropic drugs) will not be actively prosecuted. The "war on drugs" (which has served mainly to increase criminal activity and enrich criminals and law-enforcement personnel) will be ended.

The goal will be for a “libertarian” society (Jeffersonian democracy), but within a nation that has well-defined goals and works diligently to accomplish them. America will strive for a maximal level of freedom in personal affairs, restricting freedoms mainly at the “macro” level, where they affect national and global security.

Immigration will cease. All goods leaving and entering the country will be subject to 100 percent inspection. All persons entering and leaving the country must possess visas.

To facilitate homeland security, English shall be the sole national language. All citizens must speak it well. The goal is such that a US citizen may be recognized instantly and easily by his accent (i.e., by shibboleths). People speaking with an accent will be challenged and required to verify their citizenship.

English common law will be restored. This means no mandatory sentences – the judge determines the sentence. A jury of one’s “peers” shall generally imply one’s local neighbors. All trials shall be concluded within three months or the defendant set free. The justice system will be inquisitional (judges seeking the truth, as in Britain), not adversarial (lawyers battling each other, as in present-day America).

Department (Ministry) of Population and Environment

Much of America’s current crisis has been the result of explosive population growth. The country does not have a stated population policy, but the *de facto* policy is one of a population growth of about one percent a year (three million more per year, added to a population of about 300 million). Some of this is from legal immigration (almost a million people a year), and more is from illegal immigration (about two million a year, including progeny from illegal aliens). The nation had achieved a “replacement-level” birth rate by about 1973, but the birth rate is now above replacement level (recent immigrants have high birth rates).

The massive wave of recent immigration followed passage of the Immigration Act of 1965. Following passage of this act, America was flooded by millions of immigrants from cultures quite alien to the Northern European culture that founded the country and made it great. Immigration rates are now so high that new immigrants are not assimilated, and the country is now highly fractionated.

When oil runs out, the global population and US population will decline to numbers that can be supported by solar energy. The US population is currently far above those levels. The population policy of the US in the future will be zero immigration. The borders will be closed, and defended militarily. Also, since the massive recent increase in US population has caused many problems (destruction of the environment, decline in the quality of life (overcrowding, long commutes, diminished access to nature, social strife), and increased energy use), steps will be taken to reduce the population as quickly as possible. This will include immediate deportation of all illegal aliens and their progeny (no birthright citizenship; annulment of birthright citizenship previously granted to children of illegal aliens and visitors (achieved by fraud, and not supported by the Constitution)).

The Department of Population and Environment’s primary concern is the physical population (its size and health) and the environment (its ecological condition). Education and culture are concerns of another department.

Population and environment are combined into one department since it is population size that is the primary factor determining the state of the environment. It is not possible to maintain an ecologically sound and stable environment with a large human population. The concept is to work for a small human population, so that the environmental problems disappear. The US has now destroyed about half of its topsoil, and about depleted the Ogallala aquifer; it has destroyed most of its original-growth ("virgin") forest and native wildlife. This has been done not only to support a large US population, but to make money off the export of food to a near-infinite global population of starving people. This will stop. There will be no export of food. Food will be consumed at a much lower trophic level, i.e., no commercial raising of cattle for meat. Battery production of animals, which is intensely cruel (not to mention unhealthy), will be prohibited. Plantation growing of trees will stop. Monocultural latifundia will be discouraged.

The agriculture system will be totally revamped. Land will be redistributed to farmers as it was in the 1800s (160 acres per household). A central land registry will be established (no more "title insurance" and legal fees for land transfers). The government will supervise use of the land, and will reallocate it from those who abuse it. The government will allocate production for three quarters of the land. The farmer may produce what he wants on one quarter of it (including spiritual plants such as *salvia divinorum*, peyote / mescaline, ayahuasca, psilocybin ("magic" mushrooms). Small farmers (160 acres) will be subsidized (e.g., via price supports), to promote the survival of the family farm (as in France). With a stable population and proper husbanding of the land, a farm may stay in the family forever. Salmon rivers will be returned to nature (all dams removed). The open prairie will be reestablished, with buffalo (American bison), wild horses, wolves and panthers.

Only US citizens may own land.

The key to protecting and preserving our natural resources is preservation, not "sustainable development." The US will put an end to the destruction ("exploitation") of nonrenewable resources. Oil will no longer be burned (automobiles, heating, electricity generation).

The Public Health Service will be expanded to provide free basic health care for all (neighborhood clinics and local public hospitals). (Private health practitioners may practice (e.g., for cosmetic surgery, exotic procedures (e.g., organ transplants) or non-approved or unavailable medical procedures (e.g., traditional medicine).)

No abortion services will be provided.

All able-bodied adults will be provided with the opportunity for work.

The state will provide for homes for the disabled, orphans and the elderly lacking sufficient family (or community or church) resources. These homes will be operated by the government, not by private individuals or organizations.

<u>Department (Ministry) of Industry and Infrastructure</u>

This new department will include the functions of the former departments of transportation, energy, and housing and urban development. Industrial production and infrastructure development will be monitored and regulated to achieve the goals of the nation. Major industries upon which the welfare and defense of the nation depend will be nationalized, as in China (e.g., energy, infrastructure, transportation, communications; in China, the following seven industries critical to the nation's economic security are under strict government control:

defense, power, oil, telecommunications, mineral resources, civil aviation and shipping industries). The nation will be self sufficient – we will produce what we use. Foreign trade will virtually cease, except as required for national defense. Economic efficiency, which has been the root cause of the destruction of the Earth's environment and US society, will not be a rationale for anything.

The urban sprawl of current US society, based on automobile transportation, will be eliminated. With a stable population, public transportation by rail electric vehicles is feasible. See James Howard Kunstler's books, The Long Emergency (2005), The Geography of Nowhere (1993), Home from Nowhere (1996) and The City in Mind (2001) for the basis for accomplishing this (see also information on Masdar). An electric rail public transportation system will be established as quickly as possible. As soon as an adequate rail-transport system is in place, public support of the nation's long-distance (interstate) road system will cease, and massive use of private automobiles along with it. In the interim (prior to the implementation of an adequate electric rail mass transportation system, electric- or propane-powered automobiles will be used in place of gasoline- or ethanol-powered ones.

With a stable population, energies will be focused on improving our infrastructure and quality of life, not on generating more urban sprawl and supporting economic welfare programs for the wealthy (growth-based economics).

The nation will move to end use of nuclear energy and large-scale hydroelectric energy (demolition of all large dams and decommissioning of nuclear power plants). Local water mills and wind mills will be encouraged. The nation will rely on fossil fuels (oil, natural gas, coal) until they deplete, at which time it, along with all other industrial nations dependent on fossil fuel, will cease operation. With a small, stable population, this will be easy to accomplish.

Education and Culture

All education will be provided free of charge by the state, to those who pass qualifying exams. It may be provided at reasonable cost to those who do not qualify.

The goals of education will be to nurture US traditional culture, to provide individuals the means for self-fulfillment (including music, art, physical development (sports) and spiritual development (e.g., meditation)), and to provide training for work.

To assure quality and responsiveness to national goals, the education system will be regulated by the federal government. All elementary and high schools will be within walking distance (of homes or rail transport).

Department (Ministry) of Finance

William James once observed, "The most significant characteristic of modem civilization is the sacrifice of the future for the present, and all the power of science has been prostituted to this purpose." The reason why modern society robs the future for the present is based in the concept of interest and the time value of money. One you allow for interest to be charged, the economic value of things in the present is less than the value in the future – the "discounted" or "present value" of a future dollar is less than the value of a dollar today. Once the precepts of "growth-based economics" are adopted, there is always a mad scramble to create wealth for today at the expense of resources of the future, because their "economic" value is less. The traditional religions (Judaism, Christianity, Islam) were quite right in proscribing the charging of

interest, because it is the great destroyer – not just of the future but of anyone who pays it (you could charge your enemies interest, because you wished to destroy them).

There will be no discounting of future costs in the evaluation and comparison of alternatives. The cost and benefits of an action or program to all generations will be assessed. This will make a big difference in society's decisions. For example, once future costs are considered, nuclear power becomes totally impractical (since the undiscounted future cost of storing radioactive waste overwhelms any possible benefit to present users).

If a society is to be stable and endure for a long time, it cannot charge interest. For a little while longer (until the end of this age), however, charging of interest by the government will be permitted, in lieu of taxes. This phase of human activity – the economic phase – is about over. In the future, there will be no interest, no time value of money, no discounting of future values.

This chapter has been about economics. Economics is the driving force that has corrupted mankind and is destroying the planet. Economics – the dismal science. Mathematician John Maynard Keynes observed (in his 1930 essay, "Economic Possibilities for our Grandchildren") the fatal limitations of economics as a long-term basis for human society:

> "Some day we may return to some of the most sure and certain principles of religion and traditional virtue – that avarice is a vice, that the extraction of usury is a misdemeanor, and the love of money is detestable. But beware! The time for all this is not yet. For at least another hundred years we must pretend to ourselves and to every one that fair is foul and foul is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our gods for a little while longer."

All banks will be nationalized (i.e., the central bank and all commercial banks). The government will hence collect all interest on "commercial" loans. Only the government will charge interest (and it will all be spent on public programs). All loans will be made to further the nation's goals (rather than to enrich the wealthy). Private entities (individuals, corporations) may also make loans, based on 100-percent reserves (i.e., they may only loan money that they already have), but they may not charge interest. Private entities may lend physical property, but not charge rents for it (interest on money is equivalent to a "rent" on money). No loan may be made such that the total amount of interest and fees over the life of the loan exceeds the principal. Home mortgages will normally be for a term not exceeding 15 years, and require a 20 percent down payment. The government will charge not more than three percent simple interest on mortgage loans. There will be no financial sector. People will earn money from their labor and skill, not from rents on money or property. The purpose of a loan is first and foremost to achieve national goals, and secondarily to enable individuals to realize their full potential.

With national banks, there is no need for deposit insurance. There is no "moral hazard" for bankers to operate knowing that the government will bail them out.

Under this system, income will be generated by earnings, not by wealth or property. Under our present system, a wealthy individual may make $10,000 a minute, while he reads the Sunday comic strip, sleeps, or sits on the can. This serves no socially useful purpose. Without allowing for the accumulation of wealth, however, many of the world's great accomplishments would not have been realized, and many exciting pursuits would not have been possible. This includes fascinating monumental objects such as the Pyramids of Giza, the Valley of the Kings at Luxor, Abu Simbel, Petra, the Colosseum at Rome, the Appian Way, Machu Picchu, Chichen Itza, Taj Mahal, Angkor Wat, Stonehenge and the Medieval Cathedrals of Europe. It should be recognized, however, that most of the fascinating discoveries of mankind have been made by

individuals working alone (e.g., Mozart's music, Gutenberg's printing press, Pasteur's germ theory, Newton's classical laws of physics, Maxwell's theory of electromagnetism, Einstein's theory of relativity, Bell's telegraph, Tesla's radio, television, RNA/DNA, dynamite, crop circles, the Segway transporter, the laser, the transistor), albeit often working on the results of others. Many of the world's fascinating inventions and discoveries have been accomplished by men motivated not only by the intrinsic gratification of the discovery, but also by the opportunity that the discovery affords to provide a comfortable life to him and his family. This opportunity serves mankind well, and should be protected. As the Founding Fathers asserted, the purpose of the American government should be to provide for the general welfare, and promote life, liberty and the pursuit of happiness. They set up a government of, by and for the people, but that government now serves the wealthy elite, not the people. The change that is needed is a return to the principles of the Founders, not simply a change of who is in charge of the government.

Attention will be paid to the income distribution. Over the past half-century, the ratio of the income of top managers to that of workers has increased from about 40 to 1 to about 500 to 1. This situation has caused much social stress.

It is important to realize that men are most free when they are constrained in large things but not in small things. The government will establish policies and regulations to promote "life, liberty and the pursuit of happiness" as intended by the Founding Fathers. Their vision was not of a country in which the middle class would be hobbled by debt and much of their earnings confiscated for wealthy oligarchs. The former CEOs of Fannie Mae and Freddie Mac were paid about 20 million dollars per year, for doing no more work and requiring no more skill than a person earning 1-2 hundred thousand dollars a year. This same statement applies to CEOs of banks and investment houses, who are paid hundreds of millions and even billions of dollars per year (and owners of hedge funds, who are paid billions of dollars per year). This is a gross misuse of society's wealth. That they are able to do so, while our country is failing and the quality of life of the middle class is falling, shows just how sick our system is.

With a stable population, people will be inheriting their parents' homes. New homes will be needed only as replacements or improvements, not for an expanding population.

It is noted that one of the great dangers of a powerful government is that it may work for ill, rather than the good of the planet or the people, as is now the case with the US government. One of the ways in which the danger of an all-powerful government is to allow alternative concentrations of power, as in the case of a country's wealthy elite (e.g., private bankers). When the US was founded, there were private concentrations of power, but they rested mainly in land. Today, the concentrations of power are in finance, and to an increasing extent they are situated outside of the US borders.

The income tax will be abolished. Most if not all revenue for government operations will come from interest from the new national banking system. Tariffs will be imposed on all imports to compensate for the fact that other countries have lower labor costs than the US. A value-added tax system will be set up, and only business enterprises will be taxed (the only taxes that the private citizen will pay is the VAT on sales). The advantages of this system are numerous (see my book, http://www.foundationwebsite.org/VAT.htm or http://www.foundation.bw/VAT.htm), including imposition of the taxes on entities that naturally have the accounting systems in place to handle it; harmonization of our tax system with those of other nations (so that our goods are not "penalized" by imposition of a VAT on them); dramatic downsizing of tax-collection operations (there are three million taxpayers (businesses) for the VAT, versus of 100 million

(businesses and individuals) for the income tax). The practice of confiscating a person's property without due process will be ended (e.g., in tax cases), as required by the Constitution.

The importance of replacing the income tax with a VAT cannot be underemphasized. The income tax simply cannot produce sufficient revenue for the government. When the economy turns down, the government runs up a big national debt. If we used a VAT, we would not have the current deficit or the current national debt. If the government owned the banks, we would not have the current deficit or the current national debt. If we both used a VAT and the government owned the banks, the level of the VAT (which is often used as an argument against it) could be very low. If the country used the VAT or the government owned the banks, it would not be necessary to tax individuals at all (the VAT would be imposed only on businesses). Use of the income tax places the US at a tremendous disadvantage in international trade.

Corporations will no longer have the same legal protection and rights as natural persons. Their rights will be severely curtailed (e.g., restriction to a specific purpose and term). Taxes may be imposed only on corporations (or businesses), or on commercial activity (e.g., transaction taxes, tariffs on imported goods), not on individuals. The owners of a corporation will be responsible for its actions and its debts (i.e., no "limited liability").

Use of debt-backed money has proved to be a disaster (it promotes economic growth, which ultimately destroys the biosphere). The nation's currency shall be fiat money or gold-backed money. It is noted that the use of gold-backed money has not always proved satisfactory. The wealthy can hoard it (at which time economic activity grinds to a halt), and it can be stolen. Its main appeal is that people have a high degree of confidence in it, and the supply is usually stable. If gold-backed money is used it will be based on 100 percent reserves (e.g., gold coin or representational notes (gold certificates, backed by 100 percent reserves)). With fiat money, the backing for the money is the "good faith and credit of the United States." See Ellen Hodgson Brown's book, The Web of Debt (2007, 2008) for details on this. In the absence of interest, all wealth will not flow inexorably to the lenders.

The horrific US balance of trade has been caused mainly by three things. First is the acceptance of the principles of free trade, under which we are not allowed to impose tariffs to offset the low labor costs (and other costs, such as environmental damage) of other countries. This led directly to the second thing, the export of US manufacturing jobs, so that the US now makes little of what it consumes and has to purchase it from foreign countries. Third is the income tax system, which is not harmonized with the tax systems of our major trading partners (who can rebate the value-added tax on their own exports and impose it on our imports to them). Through the adoption of policies that serve only the wealthy elite, the US government has virtually destroyed the country's financial well-being and the material well-being of the middle class. Our workers were put in direct competition with workers making a few dollars a day; this could have been totally prevented by tariffs. After giving technology to the world, the only way that wages of US workers may be kept high is via tariffs or quotas. Our manufactured goods are made uncompetitive in foreign markets because of our use of the income tax. Our businesses have been forced to shift their manufacturing operations overseas because of the government's policies of free trade, or go out of business. Through a half century of this self-destructive behavior, the US government has converted the United States into a third-world nation. Whereas before it obtained raw materials from other countries and converted them into manufactured products, it is now we who are exporting raw materials such as cotton to China for their use in manufacturing.

If none of these things had been allowed to happen, we would not have a trade deficit, and the US dollar would not have declined against foreign currencies. The wages of US workers would still be high relative to the rest of the world. The US government caused the massive trade deficit through these policies, which serve the wealthy well but have destroyed our financial position and the quality of life of the middle class. The US government has destroyed our manufacturing capacity. It has degraded the quality of life of the middle class, while adding untold riches to the wealthy. To rectify this situation, it is imperative that the US once again become self sufficient (so that it does not have to import anything (except perhaps rare elements such as tantalum or neodymium)). This means re-establishing our manufacturing sector, so that we manufacture the things that we use or consume. All that we have to do to accomplish this is decide to do it. We can change our tax system and money and banking system with the stroke of a pen. Rebuilding our manufacturing capacity will take somewhat longer, but we can do this if we want to. America cannot survive if it is not self-sufficient. It cannot survive without a strong manufacturing base. To be secure and prosperous, America must produce what it uses.

The wealthy controllers of America had the government institute these destructive policies out of greed. They and their economists used the arguments that free trade was more "economically efficient" than the alternative of protecting our workers, and that everyone would be better off. This was a complete lie. Overall, economic production was in fact increased by free trade (globalization), but the environment has been seriously damaged by the increase in economic activity, and the relative position of the US worker has been severely degraded. As I mentioned earlier, economic efficiency should not be a rationale for anything.

It has been proposed recently that many jobs can be created if we undertake a massive infrastructure development program. While such a proposal may be a good idea (e.g., elimination of the private automobile and the establishment of electric mass transit and non-urban-sprawl housing), it does nothing to address the balance-of-trade problem, since we do not sell the infrastructure to foreigners. To avoid a trade deficit, the country must export as much in value as it imports, or adjust the terms of trade to compensate for the lower cost of foreign imports. While a large infrastructure project may be acceptable or desirable or even necessary at the present time, it is not at all sufficient to solve the nation's crisis.

The new system will not be based on growth-based economics, but on "steady-state" economics and a low level of energy use. Today's politicians are addicted to growth and high energy use. On a regular basis they point to increases in the number of jobs or new housing starts or gross domestic product. The local paper regularly decries the loss of jobs and lauds the arrival of new ones, even though this means more urban sprawl, more energy use, and destruction of the quality of life for everyone already here. In a recent speech, President-elect Obama was touting the anticipated creation of more jobs, and stated that "somewhere out there is a small business with the 'next big idea'." It would appear that he is oblivious to the fact that the last century of growth was enabled by increasing use of oil and other fossil fuels, and that the future is going to be one of decreasing jobs and production, not more. More jobs, more employment, and more economic activity are destroying the environment, both in the US and globally. What is more pertinent, however, is that increasing economic activity will not be possible as fossil fuels disappear. We need for our present population to work on things that will transition us to a long-term-sustainable society, not on useless things such as personal cars and highways, which consume massive amounts of energy and destroy the environment (through urban sprawl). We need to prepare for a drastically reduced population, not a larger one. We need to stop building new homes, and construct a society where everyone can walk to his destinations. There is much work to do, but it is not in building or maintaining useless things

such as cars and highways for mass personal transportation. All work on new suburban homes and on maintaining highways should cease immediately. The energy used in their production and operation is totally wasted. The only automobiles (cars, trucks) that should be manufactured are those required for national defense.

It may be charged that capital punishment and charging of interest are not "Christian." Note that no government can be Christian (see D. H. Lawrence's Apocalypse and the Writings on Revelation (1931): "Pure Christianity anyhow cannot fit a nation, or society at large. The Great War made it obvious. It can only fit individuals. The collective whole must have some other inspiration"). As Jesus advised, "Render therefore unto Caesar the things that are Caesar's; and unto God the things that are God's" (American Standard Version). In the recommendations made above, the government charges interest, but it is all returned to the people.

Projections, Predictions and Prophecy

There are many names for statements about the future, including projections, estimates, predictions, forecasts, and prophecies. The following paragraphs define some of these terms.

Projections

A *projection* is a conditional estimate of a future state of a process, under specified conditions (assumptions). It is completely determined by the assumptions, and is deterministic (not stochastic, or random, or specified by a "likely" range). Population projections are perhaps the most widely known example of projections. A population projection is a statement about what the size of a population will be, under specified assumptions about birth rates, death rates and migration rates. It is not an unconditional forecast or prediction about the future, but a very restricted "what if" statement about what the future state will be if certain assumptions which totally define the future state apply. Usually, no prediction is made about the likelihood of the assumptions – they simply represent one or more possible or likely situations or "scenarios," out of a spectrum of feasible alternatives. A projection is not "right" or "wrong," correct or incorrect.

Population projections are very useful in planning and policy analysis because they show what the future will be under certain explicitly specified assumptions. Population projections are made at every governmental level, from global to national to state to local areas. The most widely known population projections are presented in the World Bank's World Population Projections and the United Nations' World Population Prospects, which are issued periodically. The latter publication presents projections under three sets of assumptions, referred to as the Low, Medium and High variants. These projections are made using a demographic technique called cohort-component projection, in which demographic parameters (usually birth, death and migration rates for five-year intervals) are specified for various populations (age cohorts, sexes, races, regions) and the future population size (and composition by sex, race, region) is calculated for each five year interval into the future.

Cohort-component population projections fall within the purview of the mathematical field of demography. References that explain this methodology include Mortimer Spiegelman's Introduction to Demography (1955, 1968), Nathan Keyfitz' Applied Mathematical Demography (1977, 1985) and Henry Shryock et al.'s The Methods and Materials of Demography (1980).

Predictions

A *prediction* is an estimate of what the future state of a system is likely to be. It is usually a "best guess" about the future state under certain assumptions, but it is not conditioned on so many factors that the state would become completely determined (i.e., under the posited assumptions the outcome is "stochastic" (random, probabilistic) not "deterministic"). A prediction is usually accompanied by a statement about its likelihood, such as a likely range of variation or a "prediction interval." A prediction may be an educated guess, such as the government's "anticipation" surveys of economic trends, or they may be based on elaborate mathematical models, such as an econometric model of the economy or a mathematical forecasting model. The term "forecast" usually implies a prediction based on an analysis of data (from the past or present), such as a weather forecast or a sales forecast. Statements about the future position of planets or spacecraft are usually called estimates, not projections or predictions or forecasts. They are based on highly accurate physical models, and have little error.

In many cases, people have some degree of control over the system about which estimates or predictions are being made. For example, in the case of a spacecraft, an estimate may be made of the likely future position of the craft if it continues on its present course, and if it is not as desired, rockets may be fired to change the course. A similar situation would hold for an econometric or microsimulation model. The model might suggest what is likely to happen if current policies continue, but then government decisionmakers may change the policies in the attempt to control the economy and achieve a more desirable state.

In many applications, mathematics may be used to determine a good estimate about the future state of a system, based on statistical analysis of available data. The seminal book on mathematical forecasting is George Box and Gwilym Jenkins' Time Series Analysis, Forecasting and Control (1970). A good summary of modern technical procedures is James Hamilton's Time Series Analysis (1994).

Predictions may be made about any system, over any time period. Examples of popular books on predictions about the future course of human society include Alvin and Heidi Toffler's books (Future Shock (1970), The Third Wave (1980), PowerShift (1990), War and Anti-War (1993) and Creating a New Civilization (1994)) and John Naisbitt and Patricia Aburdene's books (Megatrends 2000 (1990) and Global Paradox (1994)). Examples of earlier works include The Next Ninety Years (proceedings of a conference at Cal Tech, 1967), Herman Kahn and Anthony Wheeler's The Year 2000 (1967), and Herman Kahn's The Coming Boom (1982). Books about methodologies for longer-term predictions about society are Nicholas Rescher's Predicting the Future: An Introduction to the Theory of Forecasting (1998) and Robert Ayres' Technological Forecasting and Long-Range Planning (1969). Simulation and modeling is also used as a basis for making predictions, as in Jay Forrester's system dynamics.

Global 2000 Report to the President

A few years ago, the most famous work on prediction of the course of US society was The Global 2000 Report to the President, commissioned by US President Jimmy Carter in 1977 and completed in 1980. Now that the year 2000 has come and gone, it is interesting to look back and see how accurate the projections were. It is rather remarkable just how accurate this report was in prediction the growth of human population and the destruction of nature. Here follows the "Major Findings and Conclusions" from that study.

<u>Major Findings and Conclusions</u>

If present trends continue, the world in 2000 will be more crowded, more polluted, less stable ecologically, and more vulnerable to disruption than the world we live in now. Serious stresses involving population, resources, and environment are clearly visible ahead. Despite greater material output, the world's people will be poorer in many ways than they are today.

For hundreds of millions of the desperately poor, the outlook for food and other necessities of life will be no better. For many it will be worse. Barring revolutionary advances in technology, life for most people on earth will be more precarious in 2000 than it is now – unless the nations of the world act decisively to alter current trends.

This, in essence, is the picture emerging from the U.S. Government's projections of probable changes in world population, resources, and environment by the end of the century, as presented in the Global 2000 Study. They do not predict what will occur. Rather, they depict conditions that are likely to develop if there are no changes in public policies, institutions, or rates of technological advance, and if there are no wars or other major disruptions. A keener awareness of the nature of the current trends, however, may induce changes that will alter these trends and the projected outcome.

Principal Findings

Rapid growth in world population will hardly have altered by 2000. The world's population will grow from 4 billion in 1975 to 6.35 billion in 2000, an increase of more than 50 percent. The rate of growth will slow only marginally, from 1.8 percent a year to 1.7 percent. In terms of sheer numbers, population will be growing faster in 2000 than it is today, with 100 million people added each year compared with 75 million in 1975. Ninety percent of this growth will occur in the poorest countries.

While the economies of the less developed countries (LDCs) are expected to grow at faster rates than those of the industrialized nations, the gross national product per capita in most LDCs remains low. The average gross national product per capita is projected to rise substantially in some LDCs (especially in Latin America), but in the great populous nations of South Asia it remains below $200 a year (in 1975 dollars). The large existing gap between the rich and poor nations widens.

World food production is projected to increase 90 percent over the 30 years from 1970 to 2000. This translates into a global per capita increase of less than 15 percent over the same period. The bulk of that increase goes to countries that already have relatively high per capita food consumption. Meanwhile per capita consumption in South Asia, the Middle East, and the LDCs of Africa will scarcely improve or will actually decline below present inadequate levels. At the same time, real prices for food are expected to double.

Arable land will increase only 4 percent by 2000, so that most of the increased output of food will have to come from higher yields. Most of the elements that now contribute to higher yields – fertilizer, pesticides, power for irrigation, and fuel for machinery – depend heavily on oil and gas.

During the 1990s world oil production will approach geological estimates of maximum production capacity, even with rapidly increasing petroleum prices. The Study projects that the richer industrialized nations will be able to command enough oil and other commercial energy supplies to meet rising demands through 1990. With the expected price increases, many less developed countries will have increasing difficulties meeting energy needs. For the one-quarter

of humankind that depends primarily on wood for fuel, the outlook is bleak. Needs for fuelwood will exceed available supplies by about 25 percent before the turn of the century.

While the world's finite fuel resources – coal, oil, gas, oil shale; tar sands, and uranium – are theoretically sufficient for centuries, they are not evenly distributed; they pose difficult economic and environmental problems; and they vary greatly in their amenability to exploitation and use.

Nonfuel mineral resources generally appear sufficient to meet projected demands through 2000, but further discoveries and investments will be needed to maintain reserves. In addition, production costs will increase with energy prices and may make some nonfuel mineral resources uneconomic. The quarter of the world's population that inhabits industrial countries will continue to absorb three-fourths of the world's mineral production.

Regional water shortages will become more severe. In the 1970-2000 period population growth alone will cause requirements for water to double in nearly half the world. Still greater increases would be needed to improve standards of living. In many LDCs, water supplies will become increasingly erratic by 2000 as a result of extensive deforestation. Development of new water supplies will become more costly virtually everywhere.

Significant losses of world forests will continue over the next 20 years as demand for forest products and fuelwood increases. Growing stocks of commercial-size timber are projected to decline 50 percent per capita. The world's forests are now disappearing at the rate of 18-20 million hectares a year (an area half the size of California), with most of the loss occurring in the humid tropical forests of Africa, Asia, and South America. The projections indicate that by 2000 some 40 percent of the remaining forest cover in LDCs will be gone.

Serious deterioration of agricultural soils will occur worldwide, due to erosion, loss of organic matter, desertification, salinization, alkalinization, and waterlogging. Already, an area of cropland and grassland approximately the size of Maine is becoming barren wasteland each year, and the spread of desert-like conditions is likely to accelerate.

Atmospheric concentrations of carbon dioxide and ozone-depleting chemicals are expected to increase at rates that could alter the world's climate and upper atmosphere significantly by 2050. Acid rain from increased combustion of fossil fuels (especially coal) threatens damage to lakes, soils, and crops. Radioactive and other hazardous materials present health and safety problems in increasing numbers of countries.

Extinctions of plant and animal species will increase dramatically. Hundreds of thousands of species – perhaps as many as 20 percent of all species on earth – will be irretrievably lost as their habitats vanish, especially in tropical forests.

The future depicted by the U.S. Government projections, briefly outlined above, may actually understate the impending problems. The methods available for carrying out the Study led to certain gaps and inconsistencies that tend to impart an optimistic bias. For example, most of the individual projections for the various sectors studied – food, minerals, energy, and so on – assume that sufficient capital, energy, water, and land will be available in each of these sectors to meet their needs, regardless of the competing needs of the other sectors. More consistent, better-integrated projections would produce a still more emphatic picture of intensifying stresses, as the world enters the twenty-first century.

Conclusions

At present and projected growth rates, the world's population would reach 10 billion by 2030 and would approach 30 billion by the end of the twenty-first century. These levels correspond closely to estimates by the U.S. National Academy of Sciences of the maximum carrying capacity of the entire earth. Already the populations in sub-Saharan Africa and in the Himalayan hills of Asia have exceeded the carrying capacity of the immediate area, triggering an erosion of the land's capacity to support life. The resulting poverty and ill health have further complicated efforts to reduce fertility. Unless this circle of interlinked problems is broken soon, population growth in such areas will unfortunately be slowed for reasons other than declining birth rates. Hunger and disease will claim more babies and young children, and more of those surviving will be mentally and physically handicapped by childhood malnutrition.

Indeed, the problems of preserving the carrying capacity of the earth and sustaining the possibility of a decent life for the human beings that inhabit it are enormous and close upon us. Yet there is reason for hope. It must be emphasized that the Global 2000 Study's projections are based on the assumption that national policies regarding population stabilization, resource conservation, and environmental protection will remain essentially unchanged through the end of the century. But in fact, policies are beginning to change. In some areas, forests are being replanted after cutting. Some nations are taking steps to reduce soil losses and desertification. Interest in energy conservation is growing, and large sums are being invested in exploring alternatives to petroleum dependence. The need for family planning is slowly becoming better understood. Water supplies are being improved and waste treatment systems built. High-yield seeds are widely available and seed banks are being expanded. Some wildlands with their genetic resources are being protected. Natural predators and selective pesticides are being substituted for persistent and destructive pesticides.

Encouraging as these developments are, they are far from adequate to meet the global challenges projected in this Study. Vigorous, determined new initiatives are needed if worsening poverty and human suffering, environmental degradation, and international tension and conflicts are to be prevented. There are no quick fixes. The only solutions to the problems of population, resources, and environment are complex and long-term. These problems are inextricably linked to some of the most perplexing and persistent problems in the world – poverty, injustice, and social conflict. New and imaginative ideas – and a willingness to act on them – are essential.

The needed changes go far beyond the capability and responsibility of this or any other single nation. An era of unprecedented cooperation and commitment is essential. Yet there are opportunities – and a strong rationale – for the United States to provide leadership among nations. A high priority for this Nation must be a thorough assessment of its foreign and domestic policies relating to population, resources, and environment. The United States, possessing the world's largest economy, can expect its policies to have a significant influence on global trends. An equally important priority for the United States is to cooperate generously and justly with other nations – particularly in the areas of trade, investment, and assistance – in seeking solutions to the many problems that extend beyond our national boundaries. There are many unfulfilled opportunities to cooperate with other nations in efforts to relieve poverty and hunger, stabilize population, and enhance economic and environmental productivity. Further cooperation among nations is also needed to strengthen international mechanisms for protecting and utilizing the "global commons" – the oceans and atmosphere.

To meet the challenges described in this Study, the United States must improve its ability to identify emerging problems and assess alternative responses. In using and evaluting the Government's present capability for long-term global analysis, the Study found serious

inconsistencies in the methods and assumptions employed by the various agencies in making their projections. The Study itself made a start toward resolving these inadequacies. It represents the Government's first attempt to produce an interrelated set of population, resource, and environmental projections, and it has brought forth the most consistent set of global projections yet achieved by U.S, agencies. Nevertheless, the projections still contain serious gaps and contradictions that must be corrected if the Government's analytic capability is to be improved. It must be acknowledged that at present the Federal agencies are not always capable of providing projections of the quality needed for long-term policy decisions.

While limited resources may be a contributing factor in some instances, the primary problem is lack of coordination. The U.S. Government needs a mechanism for continuous review of the assumptions and methods the Federal agencies use in their projection models and for assurance that the agencies' models are sound, consistent, and well documented. The improved analyses that could result would provide not only a clearer sense of emerging problems and opportunities, but also a better means for evaluating alternative responses, and a better basis for decisions of worldwide significance that the President, the Congress, and the Federal Government as a whole must make.

With its limitations and rough approximations, the Global 2000 Study may be seen as no more than a reconnaissance of the future; nonetheless its conclusions are reinforced by similar findings of other recent global studies that were examined in the course of the Global 2000 Study (see Appendix). All these studies are in general agreement on the nature of the problems and on the threats they pose to the future welfare of humankind. The available evidence leaves no doubt that the world – including this Nation – faces enormous, urgent, and complex problems in the decades immediately ahead. Prompt and vigorous changes in public policy around the world are needed to avoid or minimize these problems before they become unmanageable. Long lead times are required for effective action. If decisions are delayed until the problems become worse, options for effective action will be severely reduced.

[End of Global 2000 Report excerpt.]

Two observations that jump out from reading the summary of the Global 2000 report are: (1) just how accurate predictions about the future can be; and (2) the fact that absolutely nothing effective is done to alter current trends and avert disaster. The situation appears to be exactly as surmised by Jared Diamond in Collapse, in discussing factors contributing to failures in group decision-making: Category 3: “They may fail even to try to solve it;” or Category 4: “They may try to solve it but may not succeed.” It seems as though it is Category 3 that is most applicable – human society realizes that it (large human numbers and global industrialization) is destroying the biosphere, but is unwilling to even try to take effective steps to stop this. In view of the total inability of mankind to stop the human-caused sixth extinction and global warming, it would appear, to our great misfortune (or excitement?), that we live in a Jared Diamond Category 3 world.

The Prediction of John Maynard Keynes

The mathematician John Maynard Keynes predicted a very short reign for our current economics-based system. In his 1930 essay, “Economic Possibilities for our Grandchildren,” he observed the fatal limitations of economics as a long-term basis for human society:

> “Some day we may return to some of the most sure and certain principles of religion and traditional virtue – that avarice is a vice, that the extraction of usury is a misdemeanor,

and the love of money is detestable. But beware! The time for all this is not yet. For at least another hundred years we must pretend to ourselves and to every one that fair is foul and foul is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our gods for a little while longer."

Prophecy

A *prophecy* is a statement about the future based on revelation, such as in the case of Daniel, John of Patmos, or Nostradamus. There is a massive literature on prophecy. Two small books that summarize oft-heard prophecies are A. T. Mann's Millennium Prophecies: Predictions for the Year 2000 (1992) and James Manning's Prophecies for the New Millennium (1997). Sir Isaac Newton was fascinated with Biblical prophecy, and wrote a book on it: Observations upon the Prophecies of Daniel, and the Apocalypse of St. John (first published 1733, six years after Newton's death). In it, he stresses the folly of attempting to use prophecy to predict the future. D. H. Lawrence (the celebrated author of Lady Chatterley's Lover fame) wrote a fascinating book on prophecy: Apocalypse and the Writings of Revelation (his last major work, 1931).

Virtually all prophecy is useless. Works such as the Book of Revelation and Nostradamus are so vague, general, ambiguous and allegorical as to be of no practical value. Even for specific prophecies, such as a few of Nostradamus', the correctness of the prophecy becomes apparent only after the fact, and is of no practical value in affecting the future. When they fall, most societies collapse catastrophically, so prophecies of catastrophic destruction are of little surpise, significance or interest. These and similar apocalyptic works represent little more than impressionistic descriptions of large-scale collapse, from disease, war, famine or other calamity. Whenever dates are attached to predictions (such as those of Edgar Cayce), they are almost certain to not come true. For example, Art Bell's The Source (1999) lists numerous prophecies made prior to the year 2000, with dates attached – they are ***all*** wrong! An interesting example of prophecy that proved quite useful is provided by the revelations of Nicolaas van Rensburg during the Boer War (see Adriaan Snyman's Voice of a Prophet (1999)), which enabled the Afrikaners to keep one step ahead of the British soldiers for many months (although one might argue in this case that had the Boers been defeated quickly, their families would have escaped starvation from the British "scorched earth" campaign).

This book is about "end times" – end times for the US and to a limited for the planet (since of necessity the fates of both are entwined). Much has been written about end times (eschatology), in many quarters. Literature on end-times prophecy includes the prophecies of Daniel and the book of Revelation in the Christian Bible; of Nostradamus; and of the Native American Indians (e.g., Hopi, Mayan). My assessment of the prognosis for the United States is based on logical assessment of the available information, and has nothing to do with these revelation-based prophecies. It is interesting, however, that the revelation-based prophecies suggest the same end of the age as I see – a catastrophic collapse. (According to Hopi prophecy, the "path" of the white race diverges from that of the red race for a time. Eventually, the two divergent paths reconverge. I conjectured earlier that the blacks would inherit the Earth. In fact, all "root races" will inherit the Earth, just in different ways.)

Psychic Phenomena

There is no doubt about the ability of some people to see things at a distance and in the future. The most impressive and well-documented recent example of this phenomenon is "remote viewing." Both the US and Russian militaries have invested substantial effort in assessing the military worth of remote viewing. This is well documented in Russell Targ and Harold Puthoff's

Mind-Reach: Scientists Look at Psychic Research (1977), Paul Smith's Reading the Enemy's Mind (2005), and Joseph McMoneagle's The Ultimate Time Machine (1998) and Remote Viewing Secrets: A Handbook (2000). The problem with psychic powers is that they are practically useless. For example, it is clear that remote viewing works, but it never achieves practically significant results in military operations. With a poltergeist, it seems that a person always looks at the mantle just after the candlestick has fallen, never before. No one can see a crop circle in the process of being formed. No one ever saw Ed Leedskalnin build or move the Coral Castle. As Stanislav Grof has observed (e.g., in The Holotropic Mind (1990)), psychic phenomena usually have a "trickster" aspect to them. In most instances they are impossible to verify or document satisfactorily. Remote viewing is a notable exception to this, but it has proved to be of no practical value. This same observation applies to the full range of psychic and extra-sensory phenomena, such as poltergeist, UFO sightings, alien abductions, reincarnations and channeled readings. This has been true since the dawn of time. The ambiguity of the Delphic Oracle is the most famous example of this. Some channelings, such as the Urantia Book, are sheer nonsense. Some, such as those of Jane Roberts (Seth Speaks (1972)), Jane Schucman (A Course in Miracles (1975)), Helena Petrovna Blavatsky (Theosophy), Rudolf Steiner (Anthroposophy) and St. Yves d'Alveydre (Agharta) avoid factual errors and contain information that is helpful for some people. Some, such as those of the Prophet Mohammed and Joseph Smith, comprise the scripture for major world religions. Some, such as the readings forming the basis for Michael Newton's Journey of Souls books (2003, 2004) are interesting but of no apparent practical value. Some, such as Laura Knight-Jadczyk's Transcripts from Cassiopaea (1994-2002) contain much information that is interesting and consistent with reality, but impossible to verify – or disprove.

It appears, with few exceptions, that the sources of information obtained by channeling or other psychic means are much more interested in amusing people, wasting their time, and leading them astray than in providing information that is useful or helpful either to the individuals involved or to humankind. Unexplained physical manifestations such as the Pyramids of Giza, Machu Picchu, Edward Leedskalnin's Coral Castle and crop circles are fascinating (see Graham Hancock's Fingerprints of the Gods (1966) for more examples), but of no known practical value. The interesting aspect of channeling is that the readings contain just enough information to be intriguing, but not enough to be helpful, and often enough to cause trouble. They are sprinkled with gems of truth or plausibility – just enough to make them credible, or at least interesting. It appears that the information provided to Ms. Knight-Jadczyk caused her as much trouble as benefit. It has been said that the Germans got into trouble with Hitler and a disaster in the Second World War because of reliance on psychic ("occult") sources, and that the Second Word War was simply a prelude to the "big one" coming soon. It is written that Saul was stripped of the kingship of Israel because he sought advice from the witch (medium) of Endor. Psychic experiences are available at some level to all, through many media such as prayer, meditation, sleep / dreams, hypnosis, astral projection, talking boards (e.g., Ouija), divining (e.g., skrying, tarot, runes), music, dance, exercise, or psychotropic plants (e.g., peyote / mescaline, ayahuasca, psilocybin ("magic") mushrooms), and more readily accessed by some than others (e.g., women; the sick or dying). Overall, psychic experiences and inputs appear to be of little value in physical existence, except as sources of inspiration and strength. Reliance on logic and hard work seem to be much more useful tools for navigating the physical plane.

Science Fiction

The literature of science fiction is very much concerned with musing and speculation about mankind's future. Early works include Edward Bellamy's Looking Backware (1888), Jack London's The Iron Heel (1908), Yevgeny Zamyatin's We (1921), Fritz Lang's Metropolis (film,

1927), Aldous Huxley's Brave New World (1932), and H. G. Wells' The Shape of Things to Come (1933). The most famous of them all is George Orwell's *1984* (1949). While all of these novels contain elements of truth about the future, George Orwell's was most nearly "on the mark." George Orwell's novel *1984* contains a "book within a book," from which the main character Winston Smith reads. The embedded book is named, The Theory and Practice of Oligarchical Collectivism, by Emmanuel Goldstein. The following excerpt is taken from Chapter 3: War is Peace. (The country "Oceania" referred to is an expansion of America of today.)

The primary aim of modern warfare (in accordance with the principles of doublethink, this aim is simultaneously recognized and not recognized by the directing brains of the Inner Party) is to use up the products of the machine without raising the general standard of living. Ever since the end of the nineteenth century, the problem of what to do with the surplus of consumption goods has been latent in industrial society. At present, when few human beings even have enough to eat, this problem is obviously not urgent, and it might not have become so, even if no artificial processes of destruction had been at work. The world of today is a bare, hungry, dilapidated place compared with the world that existed before 1914, and still more so if compared with the imaginary future to which the people of that period looked forward. In the early twentieth century, the vision of a future society unbelievably rich, leisured, orderly and efficient – a glittering antiseptic world of glass and steel and snow-white concrete – was part of the consciousness of nearly every literate person….

But it was also clear that an all-round increase in wealth threatened the destruction – indeed, in some sense was the destruction – of a hierarchical society. In a world in which everyone worked short hours, had enough to eat, lived in a house with a bathroom and a refrigerator, and possessed a motorcar or even an airplane, the most obvious and perhaps the most important form of inequality would already have disappeared. If it once became general, wealth would confer no distinction. It was possible, no doubt, to imagine a society in which wealth, in the sense of personal possessions and luxuries, should be evenly distributed, while power remained in the hands of a small privileged caste. But in practice such a society could not long remain stable. For if leisure and security were enjoyed by all alike, the great mass of human beings who are normally stupefied by poverty would become literate and would learn to think for themselves; and when once they had done this, they would sooner or later realize that the privileged minority had no function, and they would sweep it away. In the long run, a hierarchical society was only possible on a basis of poverty and ignorance. To return to the agricultural past, as some thinkers about the beginning of the twentieth century dreamed of doing, was not a practical solution. It conflicted with the tendency toward mechanization which had become quasi-instinctive throughout almost the whole world, and moreover, any country which remained industrially backward was helpless in a military sense and was bound to be dominated, directly or indirectly, by its more advanced rivals.

Nor was it a satisfactory solution to keep the masses in poverty by restricting the output of goods. This happened to a great extent during the final phase of capitalism, roughly between 1920 and 1940. The economy of many countries was allowed to stagnate, land went out of cultivation, capital equipment was not added to, great blocks of the population were prevented from working and kept half alive by State charity. But this, too, entailed military weakness, and since the privations it inflicted were obviously unnecessary, it made opposition inevitable. The problem was how to keep the wheels of industry turning without increasing the real wealth of the world. Goods must be produced, but they need not be distributed. And in practice the only way of achieving this was by continuous warfare.

The essential act of war is destruction, not necessarily of human lives, but of the products of human labor. War is a way of shattering to pieces, or pouring into the stratosphere, or sinking in the depths of the sea, materials which might otherwise be used to make the masses too comfortable, and hence, in the long run, too intelligent. Even when weapons of war are not actually destroyed, their manufacture is still a convenient way of expending labor power without producing anything that can be consumed. A Floating Fortress, for example, has locked up in it the labor that would build several hundred cargo ships. Ultimately it is scrapped as obsolete, never having brought any material benefit to anybody, and with further enormous labors another Floating Fortress is built. In principle the war effort is always so planned as to eat up any surplus that might exist after meeting the bare needs of the population. In practice the needs of the population are always underestimated, with the result that there is a chronic shortage of half the necessities of life; but this is looked on as an advantage. It is deliberate policy to keep even the favored groups somewhere near the brink of hardship, because a general state of scarcity increases the importance of small privileges and thus magnifies the distinction between one group and another. By the standards of the early twentieth century, even a member of the Inner Party lives an austere, laborious kind of life. Nevertheless, the few luxuries that he does enjoy – his large well-appointed flat, the better texture of his clothes, the better quality of his food and drink and tobacco, his two or three servants, his private motorcar or helicopter – set him in a different world from a member of the Outer Party, and the members of the Outer Party have a similar advantage in comparison with the submerged masses whom we call "the proles." The social atmosphere is that of a besieged city, where the possession of a lump of horseflesh makes the difference between wealth and poverty. And at the same time the consequences of being at war, and therefore in danger, makes the handing-over of all power to a small caste seem the natural, unavoidable condition of survival.

War, it will be seen, not only accomplishes the necessary destruction, but accomplishes it in a psychologically acceptable way. In principle it would be quite simple to waste the surplus labor of the world by building temples and pyramids, by digging holes and filling them up again, or even by producing vast quantities of goods and then setting fire to them. But this would provide only the economic and not the emotional basis for a hierarchical society. What is concerned here is not the morale of the masses, whose attitude is unimportant so long as they are kept steadily at work, but the morale of the Party itself. Even the humblest Party member is expected to be competent, industrious, and even intelligent within narrow limits, but it is also necessary that he should be a credulous and ignorant fanatic whose prevailing moods are fear, hatred, adulation, and orgiastic triumph. In other words it is necessary that he should have the mentality appropriate to a state of war. It does not matter whether the war is actually happening, and, since no decisive victory is possible, it does not matter whether the war is going well or badly. All that is needed is that a state of war should exist. The splitting of the intelligence which the Party requires of its members, and which is more easily achieved in an atmosphere of war, is now almost universal, but the higher up the ranks one goes, the more marked it becomes. It is precisely in the Inner Party that war hysteria and hatred of the enemy are strongest. In his capacity as an administrator, it is often necessary for a member of the Inner Party to know that this or that item of war news is untruthful, and he may often be aware that the entire war is spurious and is either not happening or is being waged for purposes quite other than the declared ones; but such knowledge is easily neutralized by the technique of doublethink. Meanwhile no Inner Party member wavers for an instant in his mystical belief that the war is real, and that it is bound to end victoriously, with Oceania the undisputed master of the entire world….

In past ages, a war, almost by definition, was something that sooner or later came to an end, usually in unmistakable victory or defeat. In the past, also, war was one of the main instruments by which human societies were kept in touch with physical reality. All rulers of all ages have tried

to impose a false view of the world upon their followers, but they could not afford to encourage any illusion that tended to impair military efficiency. So long as defeat meant the loss of independence, or some other result generally held to be undesirable, the precautions against defeat had to be serious. Physical facts could not be ignored. In philosophy, or religion, or ethics, or politics, two and two might make five, but when one was designing a gun or an airplane they had to make four. Inefficient nations were always conquered sooner or later, and the struggle for efficiency was inimical to illusions. Moreover, to be efficient it was necessary to be able to learn from the past, which meant having a fairly accurate idea of what had happened in the past. Newspapers and history books were, of course, always colored and biased, but falsification of the kind that is practiced today would have been impossible. War was a sure safeguard of sanity, and so far as the ruling classes were concerned it was probably the most important of all safeguards. While wars could be won or lost, no ruling class could be completely irresponsible….

The war, therefore, if we judge it by the standards of previous wars, is merely an imposture. It is like the battles between certain ruminant animals whose horns are set at such an angle that they are incapable of hurting one another. But though it is unreal it is not meaningless. It eats up the surplus of consumable goods, and it helps to preserve the special mental atmosphere that a hierarchical society needs. War, it will be seen, is now a purely internal affair. In the past, the ruling groups of all countries, although they might recognize their common interest and therefore limit the destructiveness of war, did fight against one another, and the victor always plundered the vanquished. In our own day they are not fighting against one another at all. The war is waged by each ruling group against its own subjects, and the object of the war is not to make or prevent conquests of territory, but to keep the structure of society intact. The very word "war," therefore, has become misleading. It would probably be accurate to say that by becoming continuous war has ceased to exist. The peculiar pressure that it exerted on human beings between the Neolithic Age and the early twentieth century has disappeared and has been replaced by something quite different. The effect would be much the same if the three superstates, instead of fighting one another, should agree to live in perpetual peace, each inviolate within its own boundaries. For in that case each would still be a self-contained universe, freed forever from the sobering influence of external danger. A peace that was truly permanent would be the same as a permanent war. This – although the vast majority of Party members understand it only in a shallower sense – is the inner meaning of the Party slogan: WAR IS PEACE.

[End of Orwell excerpt.]

Modern Fourth-Generation Warfare

Of course, history has shown that Orwell did not get it quite right. He was right on the mark that a major problem that eventually faces industrial society is what to do with the production. The system (of industrial production) is so efficient that very soon, whatever level of technology is available, there are more goods than can be consumed or possessed by the wealthy, and even by the entire population (if the wealthy were inclined to let them do so). The population cannot be allowed simply to remain idle after it has produced sufficient goods. There must be an acceptable way of destroying the production, so that the population is forced to keep working (and thereby easy to control). Orwell's view in *1984* was that the excess production would be destroyed by endless interstate (industrial) war.

Recent history has shown, however, that interstate war is not being used to accomplish this, for two principal reasons. First, when the technology of industrial war evolved to nuclear weapons (just prior to the publication of Orwell's *1984*), the risk that large-scale industrial war could escalate to a catastrophe for all parties was quickly realized, and large-scale war was eschewed by all nuclear powers. Second, as industrial society became very wealthy, the means of waging war became available to everyone. As global industrialization led (as Malthus predicted) to a global population explosion and extreme poverty on a massive scale, the population became alienated from industrial society and started to attack it. Low-level warfare erupted all over the globe, originating in the poorer countries but manifested in all countries to some extent. Global warfare evolved from a small number of intermittent but very large "world wars" to ubiquitous and never-ending low-level warfare (guerrilla warfare). There have always been scores of local conflicts in progress around the globe at any given time, but these became the norm – massive world wars did not occur. In this new situation, in the absence of large-scale war, the excess production of industrial society could only be destroyed as part of this low-level conflict, since it was now "the only game in town."

As has been discussed, in recent times political power has shifted from sovereign states to industrial corporations. Whereas the power and decision to wage war were once in the hands of heads of state, they are now in the hands of the wealthy elite who own the corporations and control the world. Since large-scale interstate wars are no longer practical (because of their instability and extreme destructiveness), the issue facing those in control is how to manage low-intensity warfare. Since industrial production continues to produce ever more goods (in exponential fashion, because of the system is based on growth-based economics), these low-level conflicts will not only continue indefinitely, but they must increase in frequency or destructiveness, or both.

Background Information on Guerrilla Warfare

It appears that many people do not understand or appreciate the profound shift that has occurred in the nature of global war. The need for warfare to destroy excess production of industrial society is the same, but the nature of the warfare has changed fundamentally. Recently, the amount of literature on the subject of guerrilla warfare has increased substantially. Before exploring the issue of the likely future course of events further, it is useful to summarize the nature of guerrilla warfare. I shall do this by presenting a number of extracts from several recent books on the subject. Older books on the subject, such as T. E. Lawrence's Seven Pillars of Wisdom, Mao Tse-tung's On Guerrilla Warfare, and Che Guevara's Guerrilla Warfare are interesting, but they describe mainly the history of particular guerrilla warfare campaigns in particular circumstances, and their prescriptive value for today's world is limited.

The motive of the guerrillas, or "insurgents," is usually the acquisition of political power. The motive of those against whom the guerrillas are ostensibly fighting (the "counterinsurgents") is usually to retain their political power. The US was founded using guerrilla warfare (the Revolutionary War), as were many other countries (e.g., France, Russia, Communist China, Cuba, many South American and African countries). The side that an entity (country, corporation) takes in "someone else's" guerrilla war depends on its interests and motives. It may side with the guerrillas, or against them, or support both sides (e.g., the US support of both Israel and Palestine). The US has supported guerrilla movements in many countries and it has provided support against guerrilla movements in many countries. Today, the US generally supports both sides of guerrilla movements, as

part of it role in supporting global corporatism (which uses guerrilla warfare as an effective tool in its program of destroying excess production and of population control).

The books that I shall summarize (by means of excerpt, presented mainly in the Appendices) are the following: John Robb's Brave New War (2007); Thomas Hammes' The Sling and the Stone (2006); Martin van Creveld's The Changing Face of War (2006); Rupert Smith's The Utility of Force (2005, 2007); and The US Army / Marine Corps Counterinsurgency Field Manual (2006). There are plenty of others on the subject of guerrilla warfare – these are simply the best that I have in my personal library. To provide references in my later discussion, I shall make rather extensive extracts from these recent works. Some of the points that they make are not widely recognized, but are important to understand to see where things are headed. Since I am extracting portions mainly for my immediate reference purposes, the selected extracts should not be considered a useful general summary of the works. These books are very interesting reading, and I recommend them.

In addition to works specific to guerrilla warfare, classic treatises on general warfare such as those by Sun Tzu and Clausewitz are relevant. A number of excerpts from Clausewitz' On War are posted at the Tamil Nation website, and presented in the Appendices. Some remarks by Sheldon Richman on war as a government program are also presented in the Appendices.

A significant point made by van Creveld is that many of the books on counterinsurgency and counterterrorism are written "by the losers," and that it is important to recognize this in assessing their value.

Before proceeding, I should like to point out that the extent to which a society destroys its excess consumption depends very much on the level of wealth of the society and on its productive capacity. In former times, interstate wars were waged primarily to relieve population pressure, not to destroy excess production. In the 1800's, when the level of wealth was low in the US, horse thieves were hanged. Society did not expend a lot of resources in jailing people for long sentences. Today, in Communist China, the level of wealth is very low, and criminals are routinely executed (since Communist China has a surfeit of people and a strong demand for dollars, the level of executions is high and the organs of the executed criminals are harvested and sold to cannibals in the West – most of Communist China's citizens are worth much more dead than alive). In the US of today, the level of wealth is very high, and very few criminals are executed – it generates much more wealth to keep them alive. Just as excess production is destroyed by means of war, vast amounts of production are wasted (consumed, expended) in tracking down criminals, prosecuting them, and incarcerating them for very long times. All of these activities consume vast amounts of resources. Drugs and other "victimless" crimes are criminalized, because of the vast industrial wealth that is generated by doing so (security services, lawyers, law-enforcement and justice personnel and facilities (such as prisons and drug-rehabilitation facilities)).

The June 7, 2008, issue of the Spartanburg Herald-Journal contains a front-page article ("Taking the shine off") that describes the "busting" of a local ring of thirteen copper thieves. The thieves caused an estimated $588,000 of damage, and sold the copper that they stole for a mere $11,000. In Communist China, these thieves would likely be executed, because Communist China has a low level of wealth. Its problem is not one of destroying excess production. In the US, these thieves will be sentenced to prison, at a cost of perhaps $50,000 per year per prisoner. The wealthy elite are quite happy over this, since they get to produce and sell another $588,000 worth of material and

equipment, and build, maintain and operate prison facilities for thirteen men for many years (e.g., 13 men for 5 years at $50,000 per year = $3,250,000). In addition, the cost of judicial proceedings (e.g., court-appointed lawyers), which are drawn out to excessive length in the US, could run into several million dollars, all paid for by taxes from the US middle class. In the US, the system encourages this criminal activity, because of the millions of dollars of income it generates for the wealthy elite. In Communist China, such criminals are routinely executed, leading to a much lower level of crime and less loss of limited wealth (and to high profits from organ sales from people who are otherwise of little value as consumers or producers).

A note on terminology. Military analysts now categorize modern warfare into four categories, or "generations." (This taxonomy of modern warfare was suggested by William Lind et al. in the article, "The Changing Face of War: Into the Fourth Generation," Marine Corps Gazette, October 1989, http://www.d-n-i.net/fcs/4th_gen_war_gazette.htm).) First generation (modern) warfare is mass warfare, but with primitive firearms (smoothbore musket, cannon), executed with line-and-column tactics on a battlefield. Examples are the Napoleonic Wars and the US War Between the States. Second generation warfare is warfare involving mass deployments and massive firepower on an industrial scale, such as trench warfare in the First World War. It was developed to counter massive firepower (from rifles, barbed wire, the machine gun, and indirect fire in rather fixed positions), and involves fire and movement using a laterally dispersed line and rushes in small groups. It started in the War Between the States, was the basis for US tactical doctrine until the 1980s, and remains standard practice of American units today. Third generation warfare is "maneuver" warfare (as opposed to "attrition" warfare), such as the Germans employed brilliantly in the Second World War ("Blitzkrieg").

Fourth generation warfare ("4GW") is guerrilla warfare. It is difficult to come up with a definition of guerrilla warfare that is both compact and descriptive, since it has varied substantially in its implementations / manifestations. It is easier to define it by describing its major characteristics, from the viewpoint of the militarily weaker opponent. It is nontraditional, nonconventional, flexible, creative, informal, casual, intermittent, *ad hoc*, and not highly structured either with respect to the organization of the (weaker-side) proponent or its activities. It is warfare designed to provide advantages and means to achieve victory to a side that is very weak compared to an established nation-state. It is adaptive and flexible, guided by general principles, creativity and intelligence, but not by rigid military doctrine or "brute force." It is not bound by formal "rules of war," such as the Geneva Convention, but instead driven by the concept that the ends justify the means. It is not a "game of kings" played by similar opponents according to agreed-upon rules and protocols in pitched battles. The weaker side avoids physical-combat confrontations (which the stronger opponent would almost surely win). It is characterized by dispersion of the battlefield to the point of encompassing the enemy's entire society, thereby denying the larger opponent visible or easy targets. It is based on choice of strategy, operational art and tactics that reduce of the importance of masses of men, materiel and firepower, and thereby negate the opponent's greater military strength. It is characterized by decentralization of command and logistics and invisibility. It views that the primary means of warfare is political, not traditional military combat. It achieves its goals by attacking the enemy psychologically (e.g., by demoralization, "terrorism") or "internally" or "indirectly" (e.g., by delegitimization of the government by thwarting or diminishing its ability to provide basic services to its citizens; by financial burden; by weakening its culture; by effective use of propaganda and the communications media) rather than

physically (by destruction of its military infrastructure or killing its troops). It seeks support from the people by embracing a "just cause" (a platform, or ideology, that is popular with the masses), but it may also commit terrorist acts against them, if that serves their purpose better (e.g., to demonstrate that the established government cannot protect them). Its primary weapon is the human being, making use of whatever tools and resources are available from the stronger opponent (such as the Internet, finance, technology, knowledge, data, material and social resources). Since the guerrillas are much weaker than the host nation, it is important to use the host nation's strengths against him, as in jiu-jitsu (e.g., by destroying its physical infrastructure and by denying its ability to provide basic public services (health services, public utilities, personal security) to its citizens). Guerrilla wars often last a long time, providing the insurgents the ability to wear the host-nation's citizens down and bankrupt it (since their operations are inexpensive whereas the damage and response that their attacks cause are very expensive).

Other terms for guerrilla warfare are insurgency, terrorism, low-intensity warfare (or conflict), unconventional warfare, irregular warfare and asymmetric warfare. Some authors do not like the word "terrorism" to refer to guerrilla warfare, since the tool of terrorism is also used in other generations of warfare (such as the US bombing of civilians in Germany and Japan in the Second World War), and it may be used in contexts that have nothing to do with guerrilla warfare as the term is normally used (e.g., isolated, uncoordinated or random acts of terror that are not part of a larger, coordinated effort, such as the isolated bombing of abortion clinics, or Eric Robert Rudolph's bombing at the Atlanta Summer Olympic Games in 1996, or the Unabomber (Theodore Kaczynski) incidents). Some authors (e.g., General Rupert Smith) do not like the word "asymmetric," because the goal of all warfare is to achieve an asymmetric advantage over your opponent.

The word "guerrilla" is a diminutive form of the Spanish word "guerra," which means "war"; "guerrilla" means "little war."

The terms "insurgent" and "terrorist" refer to the weaker side, using the unconventional-warfare techniques listed above. The terms "counterinsurgency" and "counterterrorism" refer to actions of the stronger side. It should be recognized that although terms such as "guerrilla," "insurgent" and "terrorist" are often used interchangeably, they can have quite distinct meanings (Bruce Hoffman discusses the distinctions in his book, Inside Terrorism (pp. 35-36)). Here follows a quote from the Introduction to the University of Chicago Press Edition of the US Army / Marine Corp Counterinsurgency Field Manual: "Today, counterinsurgency and counterterrorism operations are often conflated in official US statements, and COIN [counterinsurgency] has become an increasingly common conceptual framework for the global struggle against terrorism. But the missions may involve different actors – from specialized military forces to intelligence agencies – with conflicting operational approaches."

(Books that discuss terrorism and counterterrorism include the following: Bruce Hoffman's Inside Terrorism (2006); Frank Bolz, Kenneth Dudonis and David Schulz' The Counterterrorism Handbook (2002); Cindy Combs' Terrorism in the Twenty-First Century (2003); Cindy Combs and Martin Slann's Encyclopedia of Terrorism (2003); Russell Howard and Reid Sawyer's Terrorism and Counterterrorism (2004); Sundri Khalsa's Forecasting Terrorism (2004); and Alyson Wilson, Gregory Wilson and David Olwell's Statistical Methods in Counterterrorism (2006). They are specific to terrorism, not to the wider concept of guerrilla warfare (of which terrorism is simply one aspect), and are therefore of little relevance to the

present work. They are mainly descriptive (not analytical). Hoffman's book is informative and comprehensive. The two books on statistical techniques are "spotty" in their coverage, e.g., they do not even discuss profiling or Bayes' Rule.)

Other terms used extensively in discussion of warfare are "strategic," "operational," and "tactical." The following definitions are from Thomas Hammes' The Sling and the Stone: "US military discussion divides war into strategic, operational, and tactical levels. The strategic level sets the goals, allocation of resources, and overall timeline for the conflict. The operational level develops the campaigns that tie a series of battles together to achieve the strategic goals. The tactical level covers the battles themselves: the techniques, procedures, and tactics for fighting." General Rupert Smith prefers the term "theater level" to "operational level", since the term "operational" is so widely used in other contexts.

Excerpts from John Robb's Brave New War are presented in the Appendices.

John Robb maintains an Internet "blog" called Global Guerrillas. Here is an entry from Friday, April 13, 2007:

HOLLOW STATES

One of the most confusing aspects of modern insurgency for the "experts" is that nearly every guerrilla group worth observing is advancing on the objective of state failure rather than state replacement. As in, why would Hezbollah want to rule Lebanon? Who would want that headache?

The reason that state failure, or a hollow state, is preferable to state replacement derives from the same counter-intuitive rationale that Lawrence (of Arabia) based his campaign against the Turks upon [the fact that] partial failure offers many more benefits than complete failure. In this modern case, a hollow state is preferable because:

- It serves as a bulwark against pressure from external Western encroachment. Any action against the non-state group from the outside harms the fragile hollow government (particularly its legitimacy). Bomb the group, harm the state since virtual or *de facto* ownership of territory means that the group never really owns any infrastructure (it just rents it).
- The existence of the state provides a perpetual enemy against which to fight. Eternal warfare isn't a negative thing for groups founded on the proposition of struggle or competence in warfare. Often, meaning is only found in opposition.
- It eliminates any real requirement to actually provide social services. The state can be held responsible for any failure in this regard. The only true responsibility these groups retain is to their membership. Often the only external benefits (outside the group) these organizations provide are cessation of violence through imposition of codes of conduct / means of adjudication (from the PCC to the Sharia of the ISI).

[End of Robb's Global Guerrilla excerpt.]

With respect to Robb's comments about the finger-pointing at the evident failure of intelligence agencies to provide warning about the 9/11 attack, a few observations should be noted. The first point is that some number of guerrilla attacks will always succeed – they should be treated as random events, such as earthquakes or hurricanes. Their

nature may be predicted to some extent (frequency, magnitude), but it will never be possible to predict them in detail or predict all of them in advance. All that can be done is to introduce measures to moderate (control, influence) their nature (frequency, level of destruction) to some extent, and to decide on what measures will be taken when they occur. The second point is that the government does not *want* perfect intelligence about guerrilla intentions. If it had it, then it would be obliged to act on it, the War on Terror would be over, and that would represent a financial disaster for the wealthy elite and the corporatist controllers of the planet. For example, had the US had correct intelligence about Saddam Hussein's supposed weapons of mass destruction, then it would have known that they did not exist. In that case, they would have been left with rather feeble reasons for invading Iraq, such as removing a cruel dictator. or spreading democracy in the Middle East, or fighting the War on Terror "over there." The government invaded Iraq to obtain access to its oil, but it did not want to admit this as the reason. Having imperfect intelligence allows the government to posit an extreme threat, such as possession of weapons of mass destruction, and justify taking any action it wishes in response. When it was later proved that this threat was nonexistent, the government simply pointed to "faulty intelligence" – it had "deniability." Similarly, the government knew well that terrorists were likely to attack the World Trade Center buildings, since they had done it several years before – their destruction was of substantial symbolic value. Because they could not prove this, however, they were able to claim after the 9/11 attack that they could not have possibly known about the attack in advance, even though it was government policies that led to it (e.g., mass immigration, open borders).

The foreword to Robb's book, Brave New War, was written by James Fallows. Fallows is the author of an article, "Declaring Victory," appearing in the September 2006 issue of the Atlantic Monthly magazine. The point to Fallows' article is that there is a substantial cost associated with maintaining a constant "War on Terror," and that it would be to the advantage of the United States to declare victory in having essentially destroyed al-Qaeda's organization. The disadvantage of not doing so is that every future terrorist act has to be taken as evidence that this particular enemy is alive and well, and that we are powerless to stop it.

Some excerpts from Fallows' article are presented in the Appendices.

Fallows makes some good points about the advantage of declaring victory over the al-Quaeda organization and moving on. On one point, however, he is off the mark. He represents the massive costs that we incur in response to terrorist attacks as gains for the terrorists. This is not at all the case. While we (that is, our corporatist controllers) are not in direct control of the amount of direct destruction from a particular attack, we are in complete control of our response. If we wish to spend 100 billion dollars in response to a terrorist attack that caused only a billion dollars in damage, that is our decision. The corporatist controllers make such decisions because they are "good for business." The economic activity that they generate produces much wealth for the wealthy elite – the occurrence of a terrorist attack is simply an excuse for launching a costly response. If Osama bin Laden is indeed laughing at the tremendous ratio of US response-cost incurred to his mission-cost expended, he is fooling himself. The controllers are simply using him as a tool – a pawn – to generate economic activity (both from the economic activity to repair the direct damage, and from the economic activity generated by any additional response (such as security measures)), which produces wealth for the wealthy elite and more work for the middle class. Osama bin Laden and others like him serve the wealthy controllers just as much as the US middle class who

work to repair his damage and pay for new security systems. They are all dupes, tools, pawns. As Franklin Roosevelt observed, “In politics, nothing happens by accident. If it happens, you can bet it was planned that way.” If it happened, and is important, you can safely assume that it was planned. (The other thing that you can depend to explain events is to “follow the money.”) The US is predictable in its costly response not because it has a “cowboy mentality” and cannot help itself, but because the corporate controllers want to generate much economic activity in response to the attack. It uses bin Laden’s attacks to justify a costly response (which causes economic activity and generates more wealth for the wealthy elite) and to justify the imposition of additional control over US citizens (tighter security, less freedom, greater taxes, more work). The expensive response is desired, not involuntary.

The extreme effort expended to find Osama bin Laden is an example of the government’s taking advantage of a situation to spend large amounts of money unnecessarily. Now that bin Laden’s organization has been decimated, there is no need to find him at all. Instead, the government spends billions (of taxpayer money) in the quest to find him. If he were to be captured and killed, someone else would simply “step up to the plate.” Guerrilla movements are like the Lernaen Hydra of Greek mythology – if you cut off one head, two more grow back in its place. If the government simply added his name to the list of “Most Wanted” published in post offices, that would be plenty. Why would the government do this – spend billions of dollars of taxpayer money, for no good reason? The answer is always the same – for the money. It affords the government an opportunity to spend billions of dollars of taxpayer money, much of which goes to the wealthy elite who implement its programs (or is simply wasted by useless military and intelligence operations).

Fallows’ comment about a state of war encouraging a state of fear in the people is correct. But the reason why the US government does not wish to end the War on Terror is that it *wants* to keep the US population in a continual state of fear, to justify large military budgets and to keep the population heavily burdened with paying for them. The US government is not about to declare victory against al-Qaeda – it is a useful pawn in the game of globalization. If al-Qaeda is destroyed, then a new guerrilla organization will replace it. The devil you know is preferred to the devil you don’t know, because you can control it better and control your responses to it better. If bin Laden is killed or captured, or if al-Qaeda is destroyed, nothing will change. Other similar organizations will arise, and they will be the new enemy, and the War on Terror will continue as before, simply with new players.

Excerpts from Thomas Hammes’ The Sling and the Stone are presented in the Appendices.

Hammes’ remarks that the US is wasting incredible amounts of money on preparations for 3GW, when the main threat now is 4GW, are off the mark. The US government wants to spend the maximum that it can for defense, since this economic activity generates wealth for the wealthy elite and keeps the people severely burdened in paying for it. If it can spend massive amounts for both 3GW and 4GW and get by with it, then so much the better. Sometimes, this approach becomes a little ludicrous, as in the example of the “remaking” of the F22 fighter. Here follows a quote from Hammes:

“In fact, the air force has renamed the F-22 fighter the F/A-22. Despite having sold and designed it purely as an air superiority fighter, they have seen that the utility of such a

single-mission platform is virtually nonexistent. Although it will deliver little ordnance and the changes that allow it to do even that will not come along for years, the air force is now trumpeting the F-22 as a fighter attack aircraft – hence 'F/A-22.' Much like that other large bureaucracy, the Soviet Union, DOD has learned that naming something so can make it so – at least for bureaucratic and budgetary purposes."

Hammes correctly observes that it is essentially impossible to provide complete protection against a 4GW enemy.

Excerpts from Martin van Creveld's The Changing Face of War are presented in the Appendices.

Martin van Creveld presents an excellent history of twentieth-century warfare. As noted earlier, he observes that the literature on counterinsurgency is massive, but most of it has been written by the losers.

Excerpts from Rupert Smith's The Utility of Force are presented in the Appendices.

General Smith is on the mark with his assertions that the basic purpose of military force is killing people and destroying things; that the strategic objective cannot now be achieved through the singular use of massive military force alone; and that in most cases military force can only achieve tactical results and are of little value unless incorporated into a greater plan.

Excerpts from the US Army / Marine Corps Counterinsurgency Field Manual are presented in the Appendices.

The Counterinsurgency Field Manual is oriented to assisting planning activities associated with 4GW. It is of little use in showing the way to winning such conflicts. It asserts that counterinsurgency efforts require much more than the use of military force, but it provides no insight into how to accomplish this. The Manual implies that the military should be engaged in counterinsurgent activities other than the primary military purpose of killing and destroying (such as policing to maintain the peace, after military combat has secured it). The manual states that "Most insurgencies follow a similar course of development. The tactics used to successfully defeat them are likewise similar in most cases…" but it does not provide useful insight into what those tactics are, or how they are to be developed.

<u>Some Observations</u>

In reviewing the points made by recent authors on the subject of guerrilla warfare, and relating those to the current state of the world, it is possible to make some conclusions and conjectures about the likely course of events for the US and for the world.

In the near term (prior to the passing of Hubbert's Peak)

1. <u>In today's world, nation-states have relatively little power.</u> Most of the power is in the hands of global "corporatists," and the nature of war (when, where and how war occurs) is largely under their control. Some states are in fact "hollow states," with no power at all, propped up simply to achieve the political objectives of those in charge. Major decisions about war are no longer made by heads of state or by

governments, but by the corporatist controllers of the world. Although nation-states have little power, they continue to exist as social / ethnic / governmental / operational organizations, but they no longer control world politics.

2. The purpose of war, now as always, is to facilitate population control and to generate wealth for those in control. Formerly, those in control were leaders of nation-states (heads of state or heads of government). Now, they are the world's corporatists (wealthy elite, heads of corporations). The controllers regulate war to maximize the generation of wealth, subject to maintaining control of the population. Maintaining control of the population is a "balancing act." The controllers know that the people outnumber them greatly and that, although the wealthy elite will always be in charge of industrial civilization, revolutions can and do occur to replace those in charge. (Those in charge will always be the wealthy elite; the point to remember is that those presently in charge can always be replaced. The people can replace the wealthy elite, but they cannot get rid of them. It should be recognized that the wealthy have little personal loyalty for each other. Their loyalty is to themselves and the system that generates wealth for them. This is one reason why it is so easy to find a "leader of the opposition." The wealthy compete or cooperate with others of their class depending on their self interest, not out of loyalty.) Industrial civilization, driven by growth-based economics, can generate far more production than is needed. If the products of the production were not continually destroyed, the economy would essentially come to a stop, since little production is required to replace worn-out or obsolescent items. (This is essentially what caused the Great Depression – modern industry and agriculture improved so much that the supply of products and food vastly exceeded the demand.) This would generate very little wealth for the wealthy elite. (There is only so much a single individual can consume, but increased wealth means increased power, and so there is a never-ending incentive to accumulate wealth, even though a person may have all the material comforts he needs or wants. Accumulation of wealth is a never-ending game. More is never enough.) To generate much wealth (and therefore much power), much destruction must occur, on a continuing basis, i.e., war must always continue. The benefits of the production (i.e., the wealth) go to the wealthy elite, not to the workers. To keep the people working in this scheme, they must live in constant fear of destruction from war, and believe that their leaders are not the perpetrators of the war against them. (Terrorists inadvertently accommodate the wealthy elite very well in accomplishing this objective.) The people must be led to believe that their interests lie in continuing the system and that the apparent enemy (whether it be another nation-state or indigenous guerrillas) is the real enemy. They must not believe that their own state (government) or the wealthy elite (planetary controllers) are the enemy, or even that they are purposely (and enthusiastically) supporting both sides of the conflict for their own game.)
3. The era of large, industrial-scale war (3GW) between nation-states is essentially over. With the advent of nuclear weapons, it became risky, unstable, and overly destructive, and the controllers of the world have declined to engage in it. Since the Second World War, conventional warfare (3GW) has been tightly controlled by the major powers (e.g., Korea), and most warfare has been guerrilla warfare (4GW), at varying levels of intensity and duration (e.g., Cuba, Nicaragua, the Philippines, Vietnam, Iraq). In today's world (with nuclear weapons), third-generation warfare is no longer practical (for the wealthy), and it has been replaced by fourth-generation warfare. 4GW is a much better system for the wealthy; it works very well in a complex and wealthy society. It appears that as

long as global industrialization continues, the corporatist world will support 4GW, not 3GW. (This is not at all to say that a 3GW war will not occur – it is simply not planned or promoted by corporatists.)

4. Guerrilla warfare (4GW) is warfare waged between a "poor" side and a "rich" side. The rich side is a nation-state (the establishment), and the poor side is the guerrillas (a group opposed to the establishment). As in jiu-jitsu, the guerrilla uses the strength of the rich side against him – the guerrilla wages war using society's material resources and his own intellectual resources. In today's world, guerrilla war is moderated by the global controllers, but they are not one of the two combatants. Both combatants are under the control of the controllers, and are supported by the controllers. Formerly, two nation-states destroyed each other's war machinery or infrastructure (and excess population, if that was a problem), and the wealthy profited by manufacturing the weapons of war and rebuilding the destroyed infrastructure. Today, the guerrillas' actions generate economic activity for the controllers either by means of direct destruction (e.g., destroying the World Trade Center or blowing up an oil pipeline) or by psychological warfare, and the wealthy elite benefit either directly (by building the weapons of war and by rebuilding the damaged infrastructure) or indirectly (by providing security equipment and services). In both forms of war, the excess production is destroyed and the people are kept under control (by fear of being attacked and by having to work all of the time).
5. Profitability and efficiency. Guerrilla warfare is very profitable (produces much wealth) for the world's controllers, since it can be waged continually, around the globe. It is very efficient (generates a massive amount of economic activity for very little investment). With 3GW, the means of production were damaged by war, and the level of production was low for many years following the war. With 4GW, the war continues around the clock, and the generation of wealth (from destruction, combat, security) continues without any diminution or lapse, and little damage to the means of economic production. There is no hiatus of "peace." The war is continual. The people are kept under constant stress, worked to the limit, and the growth of wealth is maximal: exponential and rapid. 4GW generates a large "return on investment" (inexpensive terrorist activity generates much economic activity in response), with relatively little destruction of the means of production. Most of the economic activity generated by 4GW is the (controlled) response of the nation-states to relatively minor incidents caused by the insurgents (for example, the estimated return of a million to one for the 9/11 attack, and an even higher return for the anthrax attack). It generates wealth at a maximal rate, uninterrupted, around the globe. It keeps the middle class in a constant state of anxiety, working around the clock to pay for the never-ending War on Terror and thereby generating Croesian wealth for the corporatist controllers of the world. As the level of complexity of society increases, the cost of the damage that the guerrillas can cause, and the cost of preventing that damage, also increase, generating ever more wealth for the controllers. 4GW wars are difficult for either of the two combatants to win (they tend to end when one side loses its will or resolve, since neither side is capable of decimating or annihilating the other) so they are of long duration.
6. Desirability (for the wealthy elite). With 4GW, the wealthy elite global controllers "win" all wars. The only loser is the people, who live in a constant state of fear and must work endlessly to perpetuate the system. From the viewpoint of the controllers, this is a perfect scheme – production is maximized, the system is easy to control, and the people have no idea what is going on. It, along with

democracy, is a perfect companion to the system of growth-based economics. The people think that it is the guerrillas who are their enemy, when their real enemy is in fact the wealthy elite. (Moreover, even the guerrillas believe that they are the enemy, when in fact they are fulfilling an important role for the corporate controllers.) Former industrial-scale wars, such as World War II or Korea or Vietnam or Iraq were initiated by a nation-state, and the people may not have been in accord. With guerrilla warfare, it is not necessary for the establishment side to initiate the war at all (although this was done in both Vietnam and Iraq) or justify it, and most of the economic activity generated by the war may have little to do with direct combat (e.g., elaborate security precautions at airports; electronic monitoring of the Internet – it is not necessary to conduct industrial-scale combat operations, with soldier casualties, such as in Vietnam, Afghanistan or Iraq). There is no resistance from the people, because the guerrillas appear to be attacking them, and they need not be involved in formal combat operations (sending sons and daughters to be killed in combat). With guerrilla warfare, the weaker side launches the attacks and there is little difficulty for the establishment in convincing the people that the war is "not the fault" of the government or the corporatist controllers. The government and the corporatists have "deniability." Under democracy, the people believe that their government serves them and that their interests align with their government (or else they would side with the guerrillas and the war would be over), not realizing that today, all governments serve the global corporatists, not the people.

7. Durability, controllability, stability. To be successful, guerrillas must promote a "just" cause, i.e., express an ideology that is considered good by the people. This is easy to do for the guerrillas, since the corporatists are so oppressive. It is just as easy for the government and the controllers, however, to characterize the guerrilla attacks as "terrorist," and not just (i.e., against the people). So the terrorists cannot win, the establishment can never totally destroy them, and the war continues indefinitely. Industrial-scale war may exhaust the people, both emotionally and physically (if the physical destruction gets out of control), leading to periods of peace. With 4GW, war is interminable; war is peace and peace is war, just as Orwell asserted. 4GW is easy to control, and can be moderated to continue uninterrupted. (Although it appears to be stable, today's 4GW is doomed, since it is embodied in a system of exponential economic growth. Today's 4GW will end with the end of the Petroleum Age. As long as it exists, it appears stable, but it does not last very long.)

In view of the preceding observations, it is clear that guerrilla warfare will continue as long as our current global industrial society (corporatism) continues (which is not very long).

In the medium term (after the passage of Hubbert's Peak)

1. Use of the military for nonmilitary activities will cause much stress and lead to failure. Clausewitz observed that war is a continuation of politics by other means. Guerrilla warfare is no different. The struggle underlying war (including guerrilla warfare) is a political one, and its resolution may require the application of activities other than the use of force. General Rupert Smith stated that the use of military force has only two immediate effects: it kills people and destroys things. He observed that "we are living in a world of confrontations and conflicts rather than one of war and peace; one in which the clear categories of security and

defense – the basic purposes for which force is used – have merged. As such, it is no longer practical for the politicians and the diplomats to expect the military to solve the problem by force, nor its it practical for the military to plan and execute a purely military campaign, or in many cases take tactical action, without placing it within the political context and plan accordingly throughout the operation as the situation evolves." Dr. Sarah Sewall observed that counterinsurgency "requires significant, effective, and civilian-led efforts to strengthen economies, local political and administrative institutions, and social infrastructure and services for sustained periods of time." One of the significant problems facing the military forces of today's nations is that they are being asked by their governments to address all aspects of the problem that has led to war – the social, economic and institutional ones that are a part of "nation-building." The fundamental problem is that military forces are not well equipped to do this (particularly not military forces that are effective in their primary and essential role of killing and destroying). They are trained and psychologically motivated to kill and destroy, not to provide social services and institutional development ("nation-building"). To ask them to perform all of the activities involved in the conflict resolution is unreasonable. To do so is an abrogation of the responsibility of the politicians. It is an admission that they do not know how to resolve the problem or do not care to resolve it, and it is a prescription for failure (for the military – the government and the controllers may be quite satisfied with this failure). The underlying problem (that has led to conflict) will not be resolved and the military will be blamed for the failure. To use military forces effectively and to keep their morale high, they should be sent in to kill and destroy, and when they have done so, their mission should be declared completed. At this point, the police and other functional entities of government and administration should take over.

If, after the military has successfully accomplished its military mission, the other functions of civil administration (police, government) cannot administer the people, then the government should reconsider its strategy for winning the war (or accept that it wants it to drag on unresolved and with an unhappy military). To attempt to use the military to address all aspects of the problem will not work, and it will cause much stress and disaffection in the military. There will always be new guerrillas to replace the old ones. The military should be sent in to kill and destroy, and when it has don so, that mission should be declared over. When the next guerrilla comes along, do this again. This way, the military is used effectively, can do what it likes to do (kill and destroy), is frequently victorious, and its morale is high.

Unfortunately, doctrine presented in the US Army / Marine Counterinsurgency Field Manual requires the US military to assume responsibility for all aspects of the guerrilla-warfare conflict resolution: "The primary objective of any COIN operation is to foster development of effective governance by a legitimate government. Counterinsurgents achieve this objective by the balanced application of both military and nonmilitary means." This manual, written (in two months!) by the losing side and social scientists, is going to lead to continued disaffection of the US military. It promotes a continuation of the Vietnam-war syndrome, in which neither the military nor the civilian population is pleased with the outcome (the government and the controllers may be satisfied, but it is not even in their long-term interests to have a disaffected military).

2. Guerrilla war will come to America, as Hubbert's Peak passes. Global oil production is peaking, and will soon decline. As it does, global industrial society will encounter serious problems. The quality of life will decline substantially for Americans. They will at some point accept the notion of Hubbert's Curve, and see no way that the quality of their lives can be improved. When this happens, disaffected Americans will turn to waging guerrilla warfare against the US government, which has betrayed them. At this stage, guerrilla warfare may not improve their lot, but they will have the satisfaction of bringing their treacherous leaders to book (revenge, vindication). They will see the government as the primary cause of the decline in its quality of life, for all of the reasons discussed earlier in this work, including:
    a. The adoption of the government of policies designed to enrich the wealthy elite and impoverish the middle class (mass immigration, massive international free trade, open borders, the health care system (primarily, a system to transfer massive wealth from the middle class to the wealthy elite), the income tax system, promotion of debt, compound interest).
    b. The adoption of policies that have despoiled the US environment (a population policy that has increased US population from 200 million to 300 million in the last several decades) and increased the cost of enjoying nature to the point where it is beyond the reach of most Americans. By means of a population policy of overpopulation, the creation of scarcity, driving the real cost of everything (food, land, energy, housing) to high levels that people cannot afford, forcing them to work longer and forcing all adult members of the family to work in the competitive labor market.
    c. The adoption of policies designed to destroy traditional American culture (e.g., the passage of the Immigration Act of 1965, followed by mass immigration from alien cultures; ceding of control of the media (news, entertainment) to Jewish interests).
    d. The transition of the role of US government from one that serves the people ("of, by and for the people") to one that serves the wealthy elite.
    e. The creation of an overcrowded industrial society based on energy waste (urban sprawl, individual gas-burning cars, long commutes, extreme dependence on nonrenewable energy (fossil fuel, uranium), pollution, extremely energy-inefficient production of food, massive population growth), rather than transiting to a low-population-density current-solar-energy-based society.
    f. The funneling of most of the benefits of technology and productivity increases to the rich,concurrent with a decline in quality of life for the middle class.
    g. The promotion of debt (easy credit, compound interest, government enforcement of debt collection) to enslave US citizens and third-world countries.
    h. The development of a health care system that serves mainly to enrich the medical establishment, and leaves many citizens without access to basic care.
    i. Loss of personal security (for several reasons, including open borders, mass immigration, decline in civility of society, breakdown of society from fragmentation and overpopulation).
    j. Increasing loss of personal freedom (from War-on-Terror security measures, overcrowding, fragmentation, complex society, global industrialization).

k. The promotion of growth-based economics (debt-based money, interest), which is destroying the biosphere (e.g., causing the extinction of an estimated 30,000 species per year) and causing billions of people to live in extreme poverty.
l. Imprisonment of one percent of our adult population, and one in seven black adult men. This situation is the result of many factors controlled by the government, including criminalization of drugs, diminution of personal freedom (too many laws/ regulations / restrictions / confinement; loss of English common law as the basis of conviction and sentencing), debt, overwork (to pay for government programs), culture fragmentation (from mass immigration from alien cultures), overcrowding (from mass immigration), oppression (required to work endlessly to pay for government programs that serve the wealthy, not the people), decline in income (because of forced competition with cheap overseas labor), and general decrease in the quality of life for the middle class.
m. The tasking of our military to resolve all aspects of guerrilla-warfare conflicts, not just the military aspects.

3. <u>As global petroleum production declines, the world will be consumed in war.</u> Global industrial society will decline and global population will decline. People will not simply "sit around" and starve to death – they will fight for survival, no matter how temporary it may be. The corporatist (wealthy elite) controllers of the planet will continue to orchestrate this global war, as long as they remain in charge (i.e., they have client states to control). They will attempt to maintain warfare in a 4GW (guerrilla warfare) mode (since it is controllable and very lucrative), but nuclear warfare may occur. Eventually, all nation-states will become "hollow states," unable to provide traditional nation-state-based services to their citizens (physical security, food and water, health care, economic security, housing, living space). What nations remain are more similar to 18th century (low tech, low energy use) nations than 20th century nations. Most nations will simply disappear. The wealthy corporatists will turn to private security services for protection. Eventually, all people will turn to local support for personal security (e.g., clan, gang, tribe, warlord), since no government will be able to provide it. As global oil exhausts and the world depopulates, most nation-states collapse, and the remaining nation-states become much weaker. They may regain a degree of sovereignty, however, as global industrialization collapses and corporatists lose their power. As oil runs out and the population declines, the likelihood of nuclear war increases (since nations have declining populations, energy and natural resources to support conventional warfare, and their military strength rests to an increasing degree on their nuclear arsenals). Mutually Assured Destruction (MAD) no longer works to deter nuclear war, since industrial society realizes that it is doomed and has no future. (As discussed in my article Why Serious Nuclear War Must Be Global in Scope, if nuclear war occurs, it is likely to be global.)

In the longer term (as global industrialization crumbles, but prior to a new system of long-term-sustainable planetary management)

1. <u>As the petroleum age draws to a close, the system of global industrialization will collapse, and the corporatists will lose control of the planet (because the system in which they thrive (their "habitat") will disappear).</u> The system of global industrialization runs on energy, mainly oil. About half the planet's oil has been

consumed, and global oil production is about to decline. No comparable substitute has been found. (Coal and nuclear energy are not satisfactory replacements for oil, primarily because they are not as transportable – the electricity that they generate is transmitted over electrical power lines, which are easily destroyed by guerrillas. Conversion of coal to oil wastes much of the energy in coal. Solar energy can support only a fraction of the planet's current population. Uranium produces intractable radioactive waste, and, if used in fast-breeder reactors, produces plutonium, which can be used to make atomic bombs.) As the petroleum age comes to an end, the planet may decline into anarchy (control by local warlords); or into a collection of nation-states or empires as in the 18th century, but without the high-energy-consumption lifestyle and technology of the twentieth century; or a new system of controlled (rational) planetary management may arise.

2. If (following the end of the petroleum age and globalization) low-level industrialization (primitive nation-states or anarchy) continues on a large scale, the destruction of the biosphere will continue. Guerrilla warfare is not effective in a warlord environment, since the opponents are rather evenly matched (i.e., there is not a "rich side" (the establishment) and a "poor side" (the anti-establishment); there is no strong asymmetry present, by which the guerrillas may use the richer side's strength against it). With the low level of energy, the world may decline into global anarchy, but, as a "self-organizing" system, it is more likely to degenerate into a collection of primitive nation-states and empires, such as existed in the 18th century. If the world declines into anarchy or primitive nation-states, this state (situation, condition) could continue for a long time, since the resources are no longer readily available for groups (nations) to grow to large size. If this happens, the survivors of the industrial age may conclude that a new system of planetary management, such as a synarchic government based on a low (long-term-sustainable) population, is desirable (preferable to endless anarchy, warlordism, and continued destruction of the biosphere) and feasible. How to bring this about is not clear; an effective strategy will depend on the circumstances. Spiritual means will be required, and religion may (will likely) play a significant role. It may be that an effective strategy is to launch a global guerrilla war against the corporatists *before* the collapse of global industrialization occurs. It is possible that this may be the *only* effective strategy for saving the biosphere – that if the world declines into a state of global anarchy, then it may not be possible (mainly because of exhaustion of resources) to transit from that state to a long-term-sustainable system of planetary management (such as a synarchic-government of a minimal-regret population) before biospheric destruction is so extensive that the biosphere as we know it collapses and mankind becomes extinct. In other words, a "preemptive" attack on industrial society may be necessary to save the planet's biosphere – allowing it to "burn itself out" may destroy the biosphere (it is possible that it may not "burn out" until the biosphere is destroyed, because of mankind's resourcefulness in finding sources of energy). (This situation corresponds to Fred Hoyle's view that technological society has just one chance to take a resource-rich planet and transition to a long-term-sustainable system.)

In the very long term (maintenance of a long-term-sustainable system of planetary management)

The subject of this book is the decline of the United States. The US exists as a functioning state in the near term, and perhaps as a semi-functioning state (or "hollow state," in the terminology of John Robb) in the medium term or longer term. It no longer

exists in the very long term – this section is added simply because it is of personal interest to me, as a footnote to the time of the US, which was my nation and home for most of my life. (My ancestors came to North America before the US and Canada existed. I was born a Canadian, to Canadian parents. On my mother's side, my ancestors left what is now the US in the late 1700s and migrated to Canada, because they did not approve of secession from Britain (i.e., they were United Empire Loyalists). My grandmother (father's mother) was a US citizen (from Colorado) as was her mother (Pennsylvania German). My great grandmother (father's father's mother) was Edna Mary Conant – the Conants were significant political and literary people in Canada.)

In the longer term (as defined above), the petroleum age is drawing to a close, and the system of globalization is collapsing. There are several possibilities that may be considered: (1) the biosphere is destroyed and mankind becomes extinct (a distinct possibility); (2) prior to the fall of globalization (i.e., before global anarchy sets in), a single group takes control of the planet and transitions to a long-term-sustainable system of planetary management (e.g., synarchic government of a minimal regret population) (a long-shot, but believable possibility); (3) the planet declines into a state of global anarchy (warlord fiefdoms or primitive nation-states and regional empires) for a time, but then evolves to a system of long-term-sustainable planetary management (it is not clear that this is possible; it seems unlikely since the present system of globalization will have consumed all of the readily available energy and other resources required to construct and operate large (planetary-scale) systems).

Here follows some discussion of these three main possibilities. In the case of the first possibility – mankind becomes extinct – there is nothing further to consider (from the perspective of human existence). The second possibility – transitioning to a system of long-term-sustainable planetary management before the complete collapse of global industrialization – seems to represent the most likely chance for human survival. This possibility would appear to be rather unlikely, however, in view of the fact that during the collapse of industrial society all of the industrialized nation-states would compete "no holds barred" (i.e., 3GW) for domination, and the likelihood of total annihilation (global nuclear war) would appear to be very great. The third possibility – collapse of global industrial society into global anarchy (including warlord fiefdoms, primitive nation-states and regional low-technology empires) – would appear to be a likely outcome, but it would appear to have the least chance for human survival (it is like an "absorbing state" of statistics (recurrent events), from which there is no escape), since significant destruction of the biosphere is likely to continue.

It is possible that anarchy could last for some time without the biosphere's becoming destroyed and the human race becoming extinct. There are three possibilities here. If large human numbers and industrial society continue for a long time (under anarchy / warlordism / residual (fragmented, non-global) industrialization), the biosphere (as we know it) will eventually be largely destroyed, and human society probably become extinct. It is possible, but not considered likely, that this state (global warlordism using the "left overs" ("*los restos*") of industrial society) might eventually devolve back to global primitive state of hunter-gatherers. This is not considered likely since, now that technology is out of "Pandora's box," the survivors of global industrialization will have the know-how to keep human society operating above the hunter-gatherer level. The most interesting possibility is for human society to evolve from a state of semi-industrial global anarchy to a system of long-term-sustainable planetary management.

How likely is this? It would not be easy, if mankind's current society strips the planet of all relatively accessible energy and other natural resources. As Fred Hoyle observed, mankind has only one chance to use the planet's vast resources (oil, minerals, biology) to move to an advanced society, and it appears that we are "blowing it." With all of the readily used energy and other natural resources gone, technology is not very useful. It takes both knowledge of technology and energy to build and support a high-tech society. With all of the easily usable energy and other natural resources gone, it would seem that a likely possibility is for mankind to continue quite a while at a low-level of primitive technology, as it did for several thousand years before the current high-tech era. It is interesting to speculate how mankind might develop from this state of low-level technology and global anarchy to a system of long-term sustainable planetary management.

Some Speculations on Possible Futures for Mankind

If a long-term-sustainable system of planetary management is established, destruction of the biosphere can be halted and the extinction of mankind avoided (for a time – eventually, the universe dies, and mankind with it). For the long term, it would appear that there are only three possible long-term-sustainable systems: (1) the biosphere is destroyed and mankind is extinct; (2) a global primitive population (as existed for millions of years); and (3) a long-term-sustainable system of planetary management including both primitive people (who make little impact on the biosphere) and a very small high-tech society (so small that they, too, make little impact on the biosphere). Options 1 and 2 are not interesting, and so the discussion will focus on option 3 – a long-term-sustainable population, including both primitive and high-tech populations. The issue is how to transition to this situation. The cases that will be considered is to transition there from likely states during or following the collapse of the global industrialized world (as petroleum runs out).

Note that I am not including a fourth option of global anarchy with low-technology civilization (above hunter-gatherer level). It seems to me that this system (e.g., the industrial society of the 1800s, prior to the discovery of oil; global anarchy (many sovereign nations)) is very destructive of the environment, and would not be a long-term-sustainable option.

As an example of a system of long-term-sustainable planetary management, the author once proposed a synarchic government of a "minimal-regret population" as a feasible solution. (No other feasible solution has been proposed.) If we conjecture that such a system is established (by the survivors of the collapse of the global industrialized world), a practical problem that presents itself is how to maintain it. Two issues that may be addressed in this context are (1) how to establish such a system of planetary management; and (2) how to maintain it. The following are some ruminations on this topic. These events are so difficult to foresee that the following comments are mere speculations of some possible "futures." They are not predictions or suggestions, simply speculations. They explore how to use 4GW and 5GW (defined later) to establish and maintain a synarchic government of a minimal-regret population as described in the book, Can America Survive? For brevity, this population will be referred to as a "Double Nickel" population (consisting of a single-nation high-tech population of five million (whose purpose is to control global population size) and a globally distributed primitive population of five million hunter-gatherers (whose purpose is to reduce (keep low) the risk that the human species might be exterminated by a single local catastrophic event)).

Two scenarios are considered: (1) transition from the current system of planetary management (corporatism controlling multiple nation-states) to a Double Nickel system; (2) transition from a post-globalization system of anarchy (or primitive nation-states) to a Double Nickel system. These are just two of the many possible set of future alternatives. They are selected for discussion since they are interesting. Any group planning for the future would consider a much wider range of alternatives (since they should be prepared to deal with any of them).

Scenario 1. Transition from the current system of planetary management to a Double Nickel system.

In order to transition from today's world of global industrialism, with corporatist control of multiple nation-states, one group must assume control of all nations and destroy all traces of industrialization worldwide, except for its own. In this era of nuclear warfare, either the US or Russia could destroy most of industrial civilization (e.g., nuclear bombs on the ten thousand largest cities, hydroelectric dams, uranium-ore deposits and fossil-fuel fields (coal, oil, tar sands)). That is the easy part. It is about all that modern military technology can do. It is not feasible to "mop up" what remains of industrial civilization. The problem lies in accomplishing total annihilation of what remains (other than the single remaining high-tech synarchic government / nation-state). This is problematic because technology is everywhere, and limited resources (left over from global industrialization) remain (metal in existing infrastructure and local sources of energy, such as biomass).

According to Machiavelli, there are three main ways to administer a conquered people: (1) annihilation; (2) support of local powerful families / warlords; and (3) overwhelming the local population with your own people. Options 1 and 3 do not apply here (Option 1 since it is desired to maintain a global population of hunter-gatherers, and Option 3 since the high-tech nation state and the global population of hunter-gatherers are separate). It would appear, therefore, that Option 2 is the sole remaining option. If the goal is a synarchic government of a globally distributed hunter-gatherer population, even Option 2 does not appear to be a viable option. To control a worldwide system of local warlords would require much administration and interaction of the high-tech state with the local warlords. Moreover, local warlords would obviously seek to use as much technology as they could, to obtain an advantage over their neighbors. They would hence not constitute a hunter-gatherer population. A system of nation-states would reemerge, and the destruction of the biosphere would continue.

An option that might work would be a variation of Option 2, to use religion as the tool for local control. Under this approach, a world-wide religion would be established to promote maintenance of hunter-gatherer society. This religion would teach of the destruction that industrialized society brought to the planet's biosphere and to mankind, and seek to prevent any further industrialized or economic activity by characterizing it as morally wrong (a "sin," if you will). (It would return to the early principles of Judaism, Christianity and Islam, e.g., that interest is a sin.) The wrongness of industrial or economic activity would be based on relative morality, not absolute morality, since that rationale is so much more appealing (both emotionally and logically). This is a variation on Pierre Boule's Planet of the Apes (1963).

The religion could be a version of one of today's assertive major religions (Judaism, Christianity, Islam), or it could be a new one, such as the Church of Nature. It would

emphasize spirituality, and likely would make use of spiritual plants (e.g., ayahuasca, peyote / mescaline, psilocybin mushrooms). Judaism is a strong candidate for this role, since it has a view of a world leader (king of the world, with the government upon his shoulders) in the "end times," and has demonstrated the capability and will to survive as a culture and achieve its objectives. Christianity may be a candidate, but its view of the end times is the establishment of a spiritual kingdom, not a secular one, and its apocalyptic view of the end times does not lead to a physical new world order. Islam is a possibility, since it, as Judaism, is concerned with rule of secular society, and it is not fixed on an apocalyptic end to civilization (e.g., Armageddon is not mentioned in the Koran). Since all three religions appear to have "sold out" to materialism (by allowing charging of interest, whether explicitly or implicitly), and appear to be more concerned with ritual and blind acceptance of "beliefs" than in spirituality, it may be that none of them is a strong contender. It is a sad commentary of all three Abrahamic religions that their mystic branches (Kaballah, Gnostic, Sufi) are currently at the nadir of their influence, and of less spiritual power than the so-called "New Age Movement." In my view, the world's environmental crisis will be solved by spirituality, and, regrettably, the three religions at present have little to offer in this area. Of the three Abrahamic religions, it would appear the Judaism is the most likely contender, both because of its view of a world leader in the end times and because of its very strong culture. (René Guénon discusses the theme of the King of the World from the point of view of traditional metaphysics in his work, The King of the World (1927, 1958; English translation by Henry D. Fohr published by Sohia Perennis in 2001).)

I noticed the search-engine phrase "should the US reduce Israeli aid" on a hit on my website the other day. As part of the "Camp David Accords," US President Jimmy Carter arranged for the US to give three billion dollars per year to Israel and Egypt, in exchange for their promise not to wage war on each other. This was "domestic foreign assistance," in addition to whatever military aid might be provided. The three billion sent to Israel was sent with "no strings attached." The US sent eleven accountants to Egypt to oversee their use of the money. I conducted the final evaluation of the ten-year Local Development II project in Egypt, which funneled a lot of this money into 16,000 local-level development projects. Were I to respond to the person who accessed my website, I would have said something like, "Of course not – Israel will soon be the ruler of the world."

While spirituality may be the paramount factor in transforming the planet from its current destruction to a long-term-sustainable system, religion (faith, beliefs, rituals, as contrasted with spirituality) will play an important role in the near term. As global oil supplies begin to decrease, resource wars will erupt at both the global and local levels. Logically, there is no way to specify who should live and who should die. This has always been the case, throughout human history and, in fact, through biological existence. It is difficult to justify killing of other human beings just to save yourself or your family or your nation, when, for all practical purposes, the others are just as good. One may assert that someone else should be killed because he is different in some physical respect, such as race, language, ethnic group, tribe, nation or politics, but that is not very satisfying – before battle, the warrior may be reluctant and unjustified, and after battle, he may be left with a sense of shame, remorse or guilt. This is where religion comes in. If an individual can be convinced that his enemy's religion is false, and that his god wants him to defend the "true faith," then killing becomes totally justified. In this case, the warrior has killed for the highest reason possible – his god. He is not only justified in killing his enemy, but eager to do it for the glorification of his god and perhaps his own salvation. For this

reason, religion will play a paramount role in the “last days” of global industrial civilization, as oil runs out. Politicians will employ organized religion to justify war and to motivate their peoples to wage war. Where beliefs are concerned, there is no need for logic whatsoever. Organized religion has always had “bloody hands,” and this time will be no different. As predicted by some, the “last great battle” may indeed be between Christianity and Islam, since they are at present the largest organized religions. After religion has “cleared the stage,” spirituality may arise from the ashes of global civilization move to the fore, and herald the dawn of a new era.

In this scenario, there is, at least for a time, a constant struggle between the forces who wish to reindustrialize the planet and those who wish to revert to and remain in a primitive (hunter-gatherer) state. In a sense, this is a sort-of 4GW situation, in which those for reindustrialization (the warlords, the materialists, the economists, the industrialists) are “the establishment” and the primitivists (spiritualists; adherents to the religion) are the anti-establishment. In this paradigm, the people’s cause is just (rooted in their religion / spirituality / philosophy), and so there is very little chance that the establishment can prevail. With each passing year, less and less remains of technology on all land masses but one (the headquarters of the single-nation state), such as Australia, South America or Africa. Eventually, the knowledge of technology is erased from mankind’s memory in all places but the single-nation state, and the planet resumes a “deep sleep” of primitive mankind existing harmoniously in a healthy biosphere.

Although the situation is referred to as a “sort-of” 4GW situation, it is perhaps sufficiently different to warrant use of a different term – fifth-generation warfare (5GW). The difference is that in 4GW, the weaker side can take tremendous advantage of the stronger side’s resources and use them against him. In this new situation, the “establishment” is simply local warlords (or primitive nation-states) who have very little in the way of resources. There is not a very strong side (the “establishment”) and a weak side (the guerillas), i.e., the situation is not highly asymmetric. Most combat is man-to-man. The major weapon of the people is religion (or spirituality or spiritualism). The essence of the war is not political, as is the case with 4GW, but spiritual. The two sides are materialism, political/economic power, civilization and exploitation of nature versus spirituality (represented by its physical (organized, social) manifestation of religion), community-based life, living in harmony with nature, and protection of the biosphere.

The world returns to a “North-South” condition, with the tropics slipping quickly back to primitivism.

The preceding paragraphs refer to the 4GW between the warlords or primitive nation-states versus the primitivists. In this scenario, there are in fact two global 4GW conflicts. The second one is the conflict between the small, single-nation,high-tech state and the warlords or primitive nation-states (but not against the primitivists).

<u>Scenario 2: Transition from a condition of global anarchy to a Double Nickel system of planetary management, or to a primitive world</u>

In this scenario, global civilization has collapsed and the world is in a state of anarchy, with local warlords (or primitive nation-states) in control. The problem here is that, with all of the world’s readily accessible energy and resources gone (having been consumed by global industrialization), there is little way for any group, however determined, to construct the single-nation high-tech state (whose function is to suppress industrialization

everywhere else on the planet). In this situation, it may not be possible to establish such a state. If this turns out to be the case, then in order to save the biosphere and mankind (from extinction), it is necessary to transition to a primitive world, without the high-tech single-nation state.

In either case, it would appear that spirituality, manifested through religion, is the only means by which the transition may be accomplished. If the transition is to be made to a Double Nickel system, then it would be necessary to identify a single continent still having the resources required to establish a technological society. This would probably be South America or Australia or Africa, since all three have few cities and would be relatively intact following global nuclear war (which targets mainly cities), and possess ample natural resources (to support the single-nation high-tech state).

As in Scenario 1, success of the transition would depend on religion, to justify the suppression of industrial activity everywhere in the world except for the high-tech single-nation state. The other comments made in Scenario 1 about the religion also apply here.

> It was the time of the preacher in the year of 01;
> Now the preachin' is over and the lesson's begun.
>
> It was the time of the preacher in the year of 01;
> Now the lesson is over and the killin's begun.
>
> It was the time of the preacher in the year of 01;
> An' just when you think it's all over, it's only begun.
>
> Time of the Preacher Theme, from the album, Red Headed Stranger, by Willie Nelson (1975)

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